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Democratic infighting

The political air has been filled with the sounds of Democratic infighting this spring. That's not a bad thing, as Al From and Bruce Reed point out in our editorial. Indeed, the search for the soul of the Democratic Party has never been more important—just when Republicans control the White House and Congress and Democrats are in danger of repeating old bad habits, like lurching left during the activist-driven primary season. From and Reed remind us that, in the ultimate maximize-the-differences campaign of 1972, George McGovern won a heady nomination victory—but went on to lose 49 states.

Democrats should never forget their wilderness years. That's why From and Reed last May released the political memo that triggered the current dispute over the direction Democrats should take. The memo shatters the myth that only a very liberal candidate can win the party's nomination, and that no Democrat can beat President Bush in 2004.

Speaking of the president, his policy of having no policy on domestic affairs continues. The 2003 tax cuts—really the heart of his economic program—reaffirmed a commitment to "starving the beast" of government to the point that it could practically be drowned in a bathtub, as tax guru Grover Norquist has recommended. As part of our "Stop, Thief!" cover package, Ed Kilgore explains the extremism behind the Bush plan in his portrait of Norquist, a K Street anarchist who has achieved great respectability in the Bush administration.

In his analysis of the tax cuts' impact, Paul Weinstein Jr. goes farther: He shows how the tax *cuts* often translate into tax *increases.* This is because many states and localities have been forced to *raise* taxes and fees (another word for taxes) to fill the gap left by Bush's celebrated giveaway to the richest taxpayers. It's a stealth tax hike disguised as a summer sugarplum, as many taxpayers will soon learn when they do the math.

Crunching demographic numbers is also a key to political success. Mark Gersh, Washington director of the National Committee for an Effective Congress, notes that Democrats' biggest problem in congressional elections is not overcoming the presidential advantage or choosing the best candidates, but redistricting. Republicans decisively won the redistricting game after the 2000 census by creating such a narrow playing ground of marginal seats that Democrats will have great difficulty regaining the U.S. House of Representatives before 2012. Gersh suggests creating more independent commissions for future redistricting.

But surprises are always possible. Nowhere is the compelling dynamic of a New Democrat political campaign—mainstream values above extremism, practical solutions over ideology—better illustrated than in Jim Gibson's analysis of John Hickenlooper's recent mayoral victory in Denver. The brew-pub owner came out of nowhere with a few big ideas and fresh approaches that appealed to Democrats and to the broad middle. His campaign holds lessons for New Democrats everywhere, including those with their eyes on the biggest prize in 2004.

—Peter Ross Range

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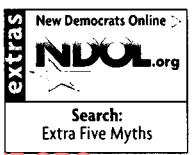

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FIGHTING FOR

Democrats can energize their base and turn out the faithful, but that alone won't win elections. Reaching out to moderates and independents will.

by **Al From** *and* **Bruce Reed**

Democrats are fighting again over the direction of their party. But contrary to the conventional wisdom, that's a good thing.

The 2004 presidential nominating process is the first real chance Democrats have had to define their party in a dozen years. The outcome of this struggle will determine whether the Democratic Party's candidate has a chance to defeat Bush and to succeed as president.

For the party and the country, the stakes couldn't be higher. That's why we've urged Democratic presidential candidates to follow President Clinton's successful strategy; seize the vital center, not to veer left.

To some on the left, that advice is "fighting yesterday's wars." We only wish it were the case. Despite the unprecedented social and economic progress the country made under a Democratic president in the 1990s, no Democrat will take back the White House in 2004 unless he works as hard to recapture the trust of ordinary Americans as Bill Clinton did in 1992.

Even die-hard liberals admit that Democrats needed some midcourse corrections in the 1980s to win back moderates who felt the party had lost its way. But they argue that this mission was accomplished, and that now the party can only win by doubling back to energize its liberal base.

We're all for turning out the Democratic faithful, but energizing the liberal base is simply not enough to win a national election. For the past decade, the American electorate has been 30 percent conservative, 20 percent liberal, and 50 percent moderate. There's a reason Clinton was the only Democrat elected and re-elected president in six decades. He inspired Democrats, but also went after the independents and moderate Republicans he needed to win an electoral majority.

Whether we like it or not, the doubts Democrats worked so hard to put to rest in the 1990s—that we love government and taxes too much, and care about security and values too little—are back. Twice as many Americans think Republicans, not Democrats, have a clear, positive vision for the country. Three out of four voters trust Republicans more than Democrats to keep the country safe in a dangerous world.

No wonder that this year Gallup has consistently found more Americans identifying themselves as Republicans than Democrats. In a recent Gallup survey of party identification, 31 percent of Americans consider themselves Democrats, 34 percent consider themselves Republicans, and 29 percent consider themselves independents. It will take more than fuzzy math to unite or energize 31 percent into a majority.

We won't overcome those odds by continuing to preach to the converted, only louder. More than ever, Democrats need a compelling agenda that excites not only our core supporters, but also the vast ranks of ordinary Americans with no ties to either party who stand the most to lose from a second Bush administration and the most to gain from a Democratic one.

Some partisans continue to spread the myth that Democrats did poorly in the 2002 midterm elections because the party's message was too centrist to rally the troops. That diagnosis is flat wrong. In states with competitive races, the Democratic base turned out at higher levels than in the last midterm elections—and that wasn't enough to win. To the extent there was a national Democratic message, it was a conventional liberal, not centrist, one: the familiar formula of playing to the party's perceived strengths by attacking Republicans on Social Security and promising new spending on prescription drugs,

Al From is founder and CEO of the Democratic Leadership Council. **Bruce Reed,** President Clinton's former domestic policy adviser, is president of the DLC.

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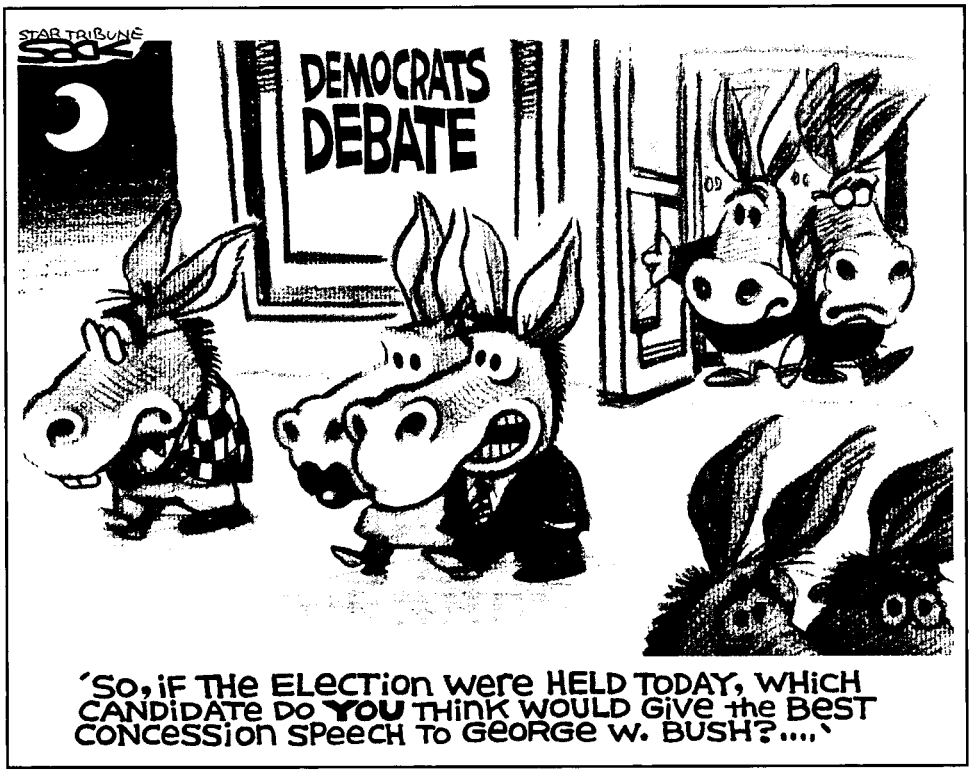
STAR TRIBUNE
DEMOCRATS DEBATE
'So, if the election were held today, which candidate do you think would give the best concession speech to George W. Bush?....'

instead of working to shore up the party's weaknesses on national security and defense. The unsurprising result: Swing voters swung to the Republicans.

Of course, for some on the left, the real target is Clintonism, the movement to modernize the Democratic Party's agenda and build a new progressive majority in the vital center. Over the past decade, the left opposed many of Clinton's signature initiatives, including NAFTA, the crime bill, welfare reform, and the balanced budget. Some liberals honestly believe that Clinton presided over a decline in the Democratic Party because of his successful pursuit of swing voters, ignoring the fact that he left office more beloved by the party base than any president since FDR.

As Clinton demonstrated, the choice we face is not between principles and pragmatism. We don't have to compromise our beliefs to win back America's trust. On the contrary, we need to live up to the Democratic Party's best traditions: Jackson's belief in equal opportunity for all, special privileges for none; Roosevelt's passion for bold reform; Truman's tough-minded internationalism; Kennedy's ethic of civic obligation; and Clinton's insistence that opportunity and responsibility must go hand in hand.

Fidelity to those traditions offers the best platform for winning over a country that remains skeptical of both parties. A Democrat who is not afraid to use American power in dangerous times, who wants to reform government, not just expand it, and who offers a plan to grow the economy and increase middle-class incomes, not the middle-class tax burden, can beat Bush in 2004. A Democrat who fails to overcome Americans' lingering doubts about security, or who raises new doubts by promising to increase government as dramatically as conservatives hope to shrink it, will not.

Once again, rank and file Democrats understand this far better than the Washington elites who profess to speak for them. Recently, Gallup asked Democrats whether they preferred a candidate who shared their view on almost all the issues, or a candidate who could beat George Bush. Nearly two-thirds of Democrats—including 69 percent of liberals—said they would rather have a candidate who can defeat Bush.

Bush's record—shafting the forgotten middle class and helping only the wealthy when he promised to help the poor—will do more to get our core voters to the polls than overheated rhetoric or overblown promises.

The Bush White House desperately hopes that Democrats will follow the advice of many on the left and make the next election an ideological contest between liberals and conservatives. That's the one battle Republicans know they can win, and never have to answer for the worst economic record since Hoover.

By all means, Democrats should have the courage to tackle big problems and take on entrenched interests. The Bush years have created a long list of unfinished business—restoring an ethic of responsibility in Washington and in corporate America, asking more Americans to serve, rewarding work instead of wealth and privilege.

The way for Democrats to recapture the high ground and the White House is not to spend big, but to be genuinely bold. We need a president who, unlike Bush, won't give away money the country doesn't have. We need a president who doesn't think a new tone in Washington means putting his party's special interests first. Most of all, we need a president who won't just tell his friends what they want to hear, but will ask more of Americans and give them the chance to do better.

For some, sounding the alarm about the urgent need to expand and deepen Democrats' appeal may seem like yesterday's war. To us, it's the only thing that will keep Democrats from becoming yesterday's party. ◆

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SHAKEDOWN

The president's reckless tax cuts are driving up state and local taxes. Many Americans are paying more than before.

by **Paul Weinstein Jr.**

To hear President Bush tell it, his huge 2003 tax cuts will be a boon to regular American families all across the country. But take a look back: If the results of Bush's even larger 2001 tax cuts are any indication—and they are—then the real outcome for the American people will be more boondoggle than boon.

The strange and twisted fact is that while Bush's policies are producing a financial windfall for the richest among us, many middle- and working-class families are actually being stuck with a net tax *increase.* In Ohio, for example, a family with an income of $66,000 and two children attending public universities paid $864 more in taxes and fees in 2002 than it did before Bush's 2001 tax cuts. For a family in Pennsylvania with an annual income of $44,000 and a son or daughter in a state college, the net increase was $185.

Sound like a bait and switch? It is. It's the perverted outcome of the president's relentless drive to slice federal revenue while, at the same time, imposing new, unfunded mandates on state governments—from new requirements to ensure our homeland security to efforts to improve special education and leave no child behind in school. Those mandates have been handed down even as the stagnant national economy has dried up state and local coffers. And the administration and the Republican Congress have been reluctant to offer any assistance. (The $20 billion for states and localities included in the final 2003 tax package at the insistence of moderate Republicans and Democrats is offset by reductions in spending on the state-run Children's Health Insurance Program and the federal Supplemental Security Income program. So the cash offer hurts as much as it helps.) Republican and Democratic governors across the country have feverishly cut discretionary spending to try to keep their budgets in balance. But that hasn't been enough. They have had little choice but to raise taxes and fees, too.

In a study of seven states, the Progressive Policy Institute reviewed the impact of state tax and university tuition increases. In all cases, the study found that new state tax and fee increases raised taxes for many middle- and working-class families more than Bush's 2001 federal tax cuts lowered them. According to the analysis, the typical household in Florida, Illinois, Michigan, Missouri, Ohio, Pennsylvania, and Wisconsin will pay an average of $84 more in state taxes and fees this year than when Bush entered office at the beginning of 2001. On top of that, families with students in public universities will have to pay $470 more in tuition per year. Add in property taxes, and the typical family in each of these seven states will be paying $590 more in state and local taxes and fees in 2003. Subtract their meager share of Bush's 2001 tax cut and the net outcome for these middle- and working-class families is $90 more out of pocket this year than they were paying when Bush took over the White House.

Families with kids in state colleges and universities take the hardest hit. That Ohio family making $66,000 per year with two children at public universities received $1,004 from Bush's 2001 federal tax cut, but saw its state taxes and fees rise by $1,868. The Pennsylvania family making $44,000 with one child in a state college received $561 from the Bush tax cut but saw its state taxes and fees rise by $746.

Many governors have mightily resisted raising taxes. To pay for the things Washington demands and still provide some of what their constituents need—like safe streets, good schools, and roads—most have focused first on slicing into state expenditures. In Virginia, for example, Gov. Mark Warner eliminated 6,000 positions in state government to help close a $6 billion-dollar budget shortfall. In Pennsylvania, recently elected Gov. Ed Rendell has proposed a 5 percent across-the-board cut in the state's operations budget. And in Michigan, Gov. Jennifer Granholm has directed every department of state government to reduce its vendor contracting expenses by at least

Paul Weinstein Jr. is a senior fellow at the Progressive Policy Institute and lectures at Johns Hopkins University.

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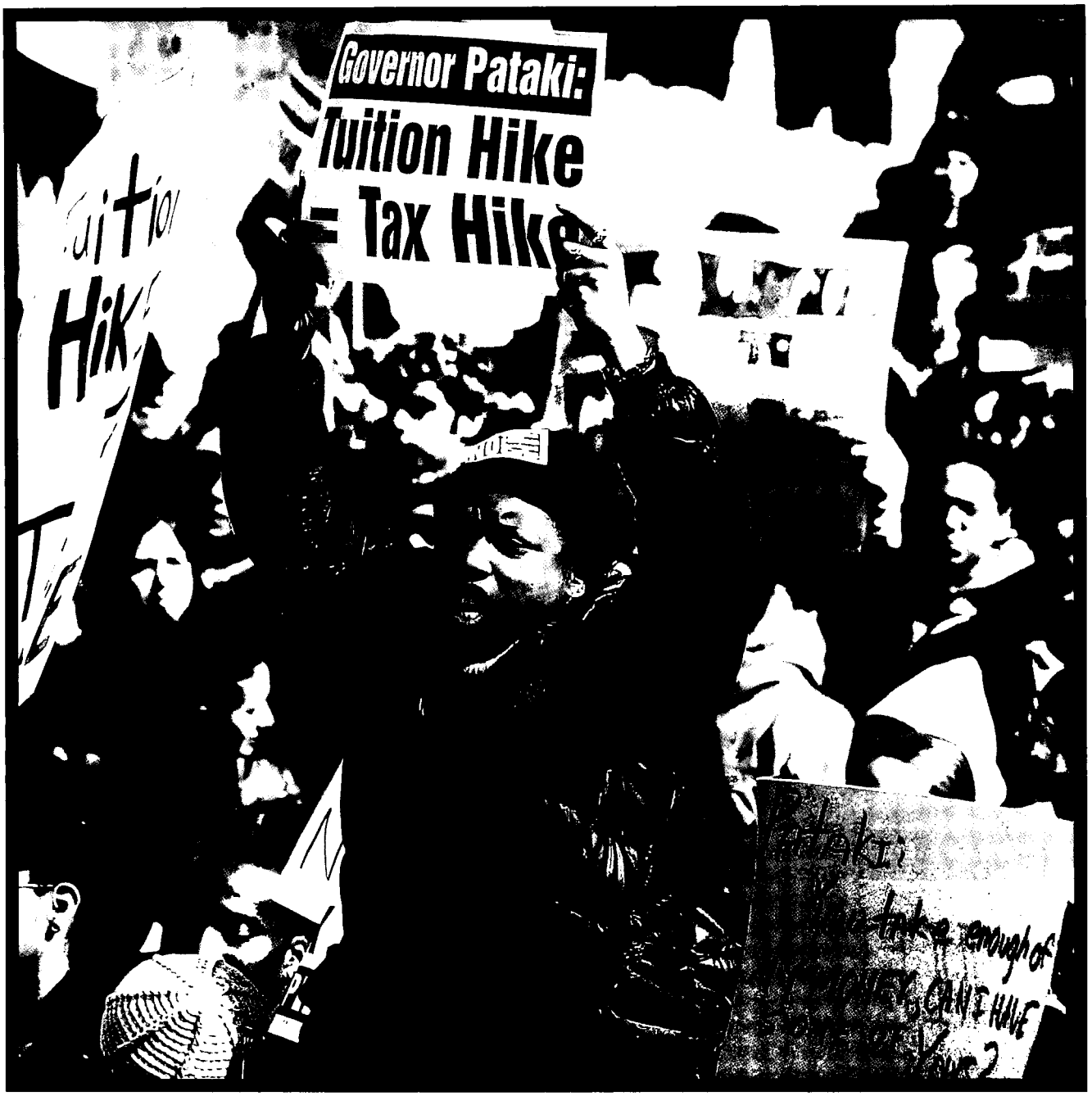

TAX CUTS EQUAL TAX HIKES: By strangling federal revenues and failing to stimulate the national economy, the Bush administration forces states to raise taxes and fees like college tuition.

7 percent—a potential savings of more than $100 million.

But Bush has repeatedly insisted on passing the tax buck to the states and localities. Since the beginning of the Bush administration, because of revenue shortfalls and reductions in federal support, 32 states have been forced to raise net taxes and fees by a total of $16.2 billion. And more increases are on the way. The Center for Budget and Policy Priorities estimates that, despite a combination of tax increases and spending cuts (including the elimination of 20,000 state employees' jobs), the states still face budget shortfalls this year of $70 billion to $85 billion. Consequently, 22 governors have already submitted budgets proposing to raise taxes again this year.

Disguising taxes as fees. At the local level, county and city governments have been raising taxes as well. Last year alone, property tax collections were rising more than 10 percent, with the average household paying $36 more than the year before. In some places, the increases have been much worse. In Atlanta, for example, city property taxes rose 50 percent in 2002.

Other local taxes and fees are rising, too. In Florida, where Gov. Jeb Bush has adopted his brother's economic strategy of passing the buck with underfunded mandates and irresponsible tax policies, Miami-Dade County last year was forced to approve $185 million in new taxes to improve transit, childcare, education, and health programs. (Of course, when he can call it a fee, Gov. Bush has also been more than willing to

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raise taxes on his own. For example, he approved a $140 per-student increase in tuition fees at Florida's public universities, and a state commission is considering an additional 58 percent increase—$1,500 per student—over the next 10 years.)

How can this be happening? The White House claimed that the average family would receive $1,600 in tax relief from the 2001 federal tax cut. But that was fuzzy math—the total tax cut divided by *all* the taxpayers. That's not how it was paid out; the vast majority of that cut went to the wealthiest Americans. According to Citizens for Tax Justice, the top 1 percent of American families—those with incomes over $300,000—received 40 percent of the tax relief under the 2001 Bush plan, more than $40,000 apiece. (In the 2003 giveaway, those same families will receive 52 percent of the total.) The average tax benefit from the 2001 cut for those in the absolute middle of the income distribution scale was less than $500. And low-income working people, especially single parents, received nothing.

Meanwhile, the president's economic plan has done nothing to spur economic growth or keep incomes from falling. Despite his claim that lower marginal rates would spur growth, the country has thus far seen only a "jobless recovery"—and a tentative one at that. The unemployment rate has reached 6 percent, and future retirees have lost trillions of dollars in the stock market. Recession and stagnation have become the hallmarks of the Bush economic record. Yet the president keeps pushing his failed supply-side economic strategy.

Blind embrace. Things will undoubtedly continue to get worse for the states, not better, as Bush keeps pressing for more federal tax cuts. Most economists agree that the dividend tax break that is the centerpiece of this year's tax cuts will do nothing to spur investment in the high-tech industry or among those small businesses that produced economic growth and higher state revenues in the 1990s. Worse, the dividend tax cuts will cost states billions in lost funds. That's because lowering taxes on dividends draws funds away from the bond market, as dividend-paying stocks become more attractive investments. To compete for investor dollars, entities issuing bonds—including state and local governments—must offer higher interest rates. In the long run, that means states will have to pay investors more to be able to build roads and schools and to make other needed infrastructure improvements.

Bush's blind embrace of the discredited supply-side economic dogma—and the ill harvest those policies are now reaping—are in striking contrast to the successes of the Clinton-Gore formula of the 1990s, which emphasized fiscal responsibility, limited government, and targeted investments in technology, human capital, and infrastructure. That strategy spurred a nine-year period of economic growth that allowed states to reduce the tax burden on their constituents by a combined total of $40 billion per year.

President Clinton managed to provide targeted federal tax cuts, create and increase the budget surplus, and expand assistance to state and local governments through key programs such as the Community Oriented Policing Services (COPS) and the Children's Health Insurance Program (CHIP), and still cut the size of government.

Bush should have learned the lessons of Clinton's economic strategy. He should have pushed for smaller, more progressive tax cuts that were designed to be fiscally responsible and fair. Instead, he made his cuts with a meat cleaver, shifting responsibility to the states. The end result has been an invisible hand picking America's pockets. ◆

STATE PAIN: Seven states where taxes and fees are rising

State	Per-capita income	Per-capita state tax increase	Tuition increases at public universities	Total increase in taxes and fees
	PER FAMILY WITH STUDENT			
Florida	$29,475	($15)	$140	$125
Illinois	$33,215	$64	$391	$455
Michigan	$30,123	$159	$390	$549
Missouri	$28,697	$26	$691	$717
Ohio	$29,359	$144	$862	$1,006
Pennsylvania	$31,813	$183	$563	$746
Wisconsin	$29,960	$24	$254	$278

LOCAL PAIN: Dramatic tax increases are even hitting affluent Montgomery County, Md.

	AVERAGE ANNUAL COST PER FAMILY
Income tax—from 2.95 percent to 3.2 percent	$125
Telephone tax—from $.92 to $2.00 per line and per cell phone	$25.80
Energy tax tripled	$40
Md. property tax + $.05 per $100 assessment	$162.50
TOTAL average additional taxes per family	$353.30

Source: *The Washington Post*, May 13, 2003.

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STARVING

If President Bush keeps listening to Grover Norquist, Republicans won't have a government to kick around anymore.

by **Ed Kilgore**

"Bipartisanship is another name for date rape."

"We are trying to change the tones in the state capitals—and turn them toward bitter nastiness and partisanship."

—Grover Norquist

President Bush loves to talk about his favorite foreign policy doctrine of preemption, the radical notion that even in the absence of imminent danger the United States should use force against any nation that might pose a threat down the road. What the president won't admit is that his administration has adopted the same doctrine toward government—and Democrats—here at home. For conservatives, a government that's not mortgaged to the hilt poses too great a threat of social activism. That's why, in 2001 and again this year, the Bush administration has launched pre-emptive attacks on the national treasury designed to leave the U.S. government so deep in debt it poses no threat to the conservative status quo. Its motto is: Stop government before it can help again.

The Bush White House will not acknowledge the existence of this domestic doctrine. It can't: George W. Bush owes his presidency in large part to the masterful illusion that he was a different kind of Republican from Newt Gingrich. He's even careful to avoid making overt spending cuts in popular programs, lest he give the enemy atrocities to point to.

But one of the leading strategists behind Bush's secret war on government is more than happy to tell the world all about it. His name is Grover Norquist, and he is the nation's leading advocate of "kill the taxes and you kill the government." If pre-emption is the most dangerous idea any president has had since Richard Nixon, Norquist may well be the most dangerous adviser. Perhaps more than anyone else, his growing influence on the Bush agenda helps explain not only the country's current economic woes, but also the long-term threat the new conservatism poses to a prosperous future. More and more, the administration seems to be thinking about taxes just like Norquist—tax cuts are *always* good, because they take money from government.

Norquist, leader of libertarian-leaning groups like his unofficial leave-us-alone-coalition and Americans for Tax Reform (ATR), is renowned in Washington as the avatar of scorched-earth tax reduction. He's a hero to so-called "movement conservatives" (people for whom conservatism is religion) because they still see, through Reaganesque lenses, the government as always the enemy, never the solution. Norquist is the man who compared any and all recipients of government funds—presumably excluding the Defense Department—to cockroaches. He also famously announced that he and his brethren in the anti-government movement wanted to reduce the federal government to a size so small "that it could be drowned in a bathtub."

All this would make for an interesting, if grotesque, sideshow except for one thing: What once was right-wing braggadocio is now the heart of the Bush agenda. "What this administration is doing, and most people haven't figured it out yet, is an annual tax cut," Norquist recently told *The Washington Post*.

Thanks to the strength of his conservative network and the weakness of the Bush economic team, Norquist has become, in many respects, the most potent influence on the administration's economic plan. Most presidencies take their economic advice from respected economists or titans of industry. The Bush agenda comes from the fevered brain of a movement ideologue and K Street anarchist. No wonder the economy is going nowhere. It's as if President Clinton had turned over the Treasury Department to Jerry Rubin instead of Bob Rubin.

It says a lot about the direction of the administration that Bush has made Norquist's battle—a battle to paralyze the domestic functions of the U.S. government by repeatedly cutting taxes—his own. It did not have to be that way. The irony, and the deception, is that Bush got elected in 2000 by proving, in effect, that he wasn't Gingrich. Norquism is Gingrich by other means. Although Bush embraced the idea of a large tax cut as a presidential candidate, his campaign, and the early rhetoric of his administration, had other themes—most notably the idea of a "compassionate conservatism" that would address entrenched poverty and other social ills through a revival of civic institutions, and the pledge to "change the tone" in Washington through bipartisanship and long-range vision.

But over the past two years, serial tax

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cuts have increasingly become the alpha and omega of administration domestic policy. The Bush White House has grown notorious for its highly political nature and a degree of partisanship extreme even by the distorted standards of the 1990s. The spirit of the Bush administration is not that of gentle souls like "compassionate conservatives" Marvin Olasky or John DiIulio. The spirit is that of Norquist—single-minded; full of passionate hatred of taxes, domestic government, and anyone who benefits from either; and ready to do just about anything to elevate "our team" over "their team." Norquist's notion of bipartisanship, he said in May, is that it "is another name for date rape."

Bitter partisanship. It's appropriate that Norquist, a confidant of White House political guru Karl Rove and impresario for an enormous network of conservative and special-interest lobbyists and advocates, was right out in front of the effort to enact Bush's latest tax cut package. One minute he coerced reluctant corporate lobbyists to "get in line" behind the proposal to make corporate dividends tax-exempt (far down on their wish list). Next he used his state-level contacts, usually devoted to policing state legislatures to oppose any kind of tax increase, to get legislative resolutions passed endorsing the Bush "growth package." Following passage of the president's tax cuts, Norquist explained his state-level strategy to the *Denver Post*: "We are trying to change the tones in the state capitals—and turn them toward bitter nastiness and partisanship."

Norquist's current status as perhaps the most important Republican lobbyist stems from a remarkable career spanning the rise of the right over the last quarter-century. His restless political energy has led him into an astonishing number of crusades. He was Ralph Reed's mentor in the College Republicans of the early 1980s and helped turn the group from a mild-mannered frat-boy civic outlet into a savage ideological force on many campuses. He subsequently spent many months as an on-location and Washington advocate for South African-financed anti-Marxist insurgencies in Angola and Mozambique. (At one time, he was well-known in Washington for swaggering around wearing combat fatigues and sporting a bumper sticker that read: "I'd rather be killing Commies.") One of his ongoing enterprises is aimed at relentlessly harassing federal, state, and local officials to name things after Ronald Reagan. He was reportedly a principal author of Gingrich's Contract With America. His famous Wednesday meetings have served as a sort of Comintern for Washington representatives of the right.

Norquist's main project, however, has never changed: his effort to shrink government at every level, especially by making tax cuts an ideological imperative for Republicans. ATR's anti-tax "pledge," foisted on a generation of Republican presidential candidates entering the anti-tax abattoir of the New Hampshire primary, and on candidates for high and low office around the country, is the ultimate source of his power.

It's also the source of his connection with the White House, and his role as a Janus-faced figure in the Bush family saga.

It was Bob Dole's public refusal to sign one of Norquist's no-tax pledges that led to George H.W. Bush's upset win in the 1988 New Hampshire primary, which, in turn, led to Bush's nomination and election. And of course, it was the elder Bush's repudiation of his own no-tax pledge that played a major part in his 1992 defeat.

The decision by Norquist—along with such old associates as Reed—to back the younger Bush in the 2000 Republican primaries was a key moment in the reconciliation of the Bush family with the conservative movement, based on the idea that W. might be the biological heir of his father, but the ideological heir of Reagan. Bush fulfilled his side of the deal by making a big, gratuitous tax cut for high earners the centerpiece of his domestic policy during the campaign.

Bush's alliance with Norquist and other figures of the right was solidified during his tough primary rivalry with Sen. John McCain (R-Ariz.), who not only opposed a big tax cut, but attacked "our team"—the conservative coalition of libertarians, business interests, and Christian activists that has dominated the GOP off and on since 1980—with an unprecedented directness and savagery. Norquist's own organization, which usually doesn't get involved in campaigns, ran ads attacking McCain and praising Bush.

He sure got his money's worth. Bush's first tax cut proposal was significantly larger than the one unsuccessfully proposed by congressional Republicans in the late 1990s. And just as importantly, the White House has followed a strategy that appears

GROVER'S Greatest Quotes

- "Bipartisanship is another name for date rape."
- "We are trying to change the tones in the state capitals—and turn them toward bitter nastiness and partisanship."
- "My goal is to cut government in half in 25 years, to get it down to the size where we can drown it in the bathtub."
- "The federal government hands out billions of dollars. People will lie, cheat, steal or bribe to get it. If you have a big cake, and you put it under the sink and then you wonder why the cockroaches are in your kitchen. I don't think any sprays or blocking the holes in the walls are going to get rid of the cockroaches. You've got to throw the cake in the trash so that the cockroaches don't have something to come for."
- *On Sen. Lincoln Chafee (R-R.I.):* "The guy from Rhode Island who left his brain cells in the 1960s."
- *His message to Democrats:* "The Soviet Union had nuclear weapons. You don't. And with the Soviets, it was simply business. With you, it's personal."

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aimed at an almost endless series of new proposals: Make the first package of individual tax cuts temporary to get the maximum cuts into the budget space provided; then make them permanent; then make private investment income tax-free (a big part of the latest proposal); and then, presumably in a second Bush term, go for the corporate tax cuts that the White House's business allies have been waiting for.

Supply-side rationale. The strategy, of course, is not public; nor is its rationale.

In 2001, when the federal government was projecting budget surpluses so large that Federal Reserve Board Chairman Alan Greenspan worried about a premature retirement of the national debt, Bush argued for tax cuts as a rebate of excess revenues. "American taxpayers have been overcharged, and on their behalf I am here to ask for a refund," he memorably said in his first address to Congress.

As the surpluses melted away, the administration switched rationales and began to echo hoary, if discredited, supply-side theories for additional tax cuts to stimulate a flagging economy. Indeed, they still make those arguments, though they were deeply undercut earlier this year when the Republican-controlled Congressional Budget Office finally agreed to conservative demands that it take the economic effect of tax cuts into account and estimated that the president's budget would have virtually no net effect at all.

But privately, another rationale is often cited by conservatives as the genuine motive for serial tax cuts, regardless of the fiscal and economic condition of the country: Tax cuts are good in themselves because they will ultimately force a shrinkage of government—without the pain or controversy of identifying specific cuts in popular government programs. Limiting government in the long run, moreover, justifies such immediate negative effects as large budget deficits, burgeoning public debt, higher long-term interest rates, and the inability of government to deal with national challenges.

A recent *New Yorker* profile of Rove suggested another argument for forcing a reduction of government through tax cuts: It would damage the public-service unions that represent a key funding source for Democratic candidates.

This rationale—once referred to as "starving the beast" by Reagan Budget Director David Stockman—is obviously one that most Republicans are a bit reluctant to articulate, representing as it does a kind of gutless Gingrichism.

But Norquist has no problem at all talking about it at length. And he has no moral compunctions about failing to identify which domestic programs to cut, because he pretty much hates them all.

Whenever he talks about taxes and government, Norquist sounds little different from the tens of thousands of American libertarians whose intellectual development ended with their first adolescent reading of *Atlas Shrugged*, and who go through life expressing contempt for the "parasites" who "confiscate" their earnings through taxes. As such, he represents the ultimate Washington role model for countless young libertarian Internet bloggers living with their parents in suburbs all over America. He's the anti-political guy who made it really big in politics. And he's the radical guy who has gained access to genuine mainstream power. All over the country, state legislators fear being singled out by Americans for Tax Reform as champions of higher taxes. In Washington, he's the go-to guy who can instantly put together a national coalition supporting just about any Republican cause, even matters remote from the tax code, such as judicial nominations.

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But there's another and more sinister aspect of Norquist's influence in Washington. The GOP's adoption of his stealth libertarianism is influencing Republicans to become morally lax about fiscal and economic policy.

As the country's fiscal situation has deteriorated during the Bush administration, GOP members of Congress seem exhilarated by the realization that short-term fiscal irresponsibility can be justified as a long-term strategy for restraining the size and cost of government—a much more satisfying rationale for tax cuts than the complex and largely discredited supply-side economic theory.

Conservative Sen. Rick Santorum (R-Pa.), chairman of the Senate Republican Conference, exemplifies the trend. "I came to the House as a real deficit hawk, but I am no longer a deficit hawk," he told *The Hill* newspaper in February. "I'll tell you why. I had to spend the surpluses. Deficits make it easier to say no."

Deficits seem to make a lot of things easier. As University of California economist Brad DeLong observed in the autumn of 2002: "The whole point of the strategy is to do something that makes the country worse off—create a large deficit that slows economic growth, raises the chances of higher inflation in the future, and diminishes the government's capacity to undertake any expensive new initiatives in the future that national security might require—and then to count on the fact that one's political opponents care more about the well-being of the country than you do to fix the situation."

It's clear the "starve the beast" theory offers Republicans the political equivalent of a bottomless crack pipe. Tax cuts no longer have to be rationalized by any particular theory of economic growth, efficiency, consistency, or fairness. Politicians are free to defend or extend corporate or other narrow tax subsidies; free to target tax cuts to their favored constituencies; and entirely free from the constraints normally supplied by budgetary arithmetic.

In the end, Norquist is perhaps best understood as a symbol for the respectability of extremism in George W. Bush's Republican Party. Whether or not Norquist is leading the charge in the next tax cut drive, its spirit is his.

And the battle hymn for the Bush administration's other war might well be found in well-circulated anecdotes about the anarchist songs Norquist used to teach his protégé Ralph Reed in their early days in Washington, a city that nauseated the young libertarian with its monuments and other "stuff that looks like Albert Speer designed it." Little did Grover and Ralph know the political power they would wield in this city, as they drove around Washington after midnight, windows down and throats afire with the anarchist anthem:

The state conceived in blood and hate
Remains our only foe.
So circle brothers, circle brothers,
Victory is nigh!
Come meet thy fate, destroy the state
And raise black banners high. ◆

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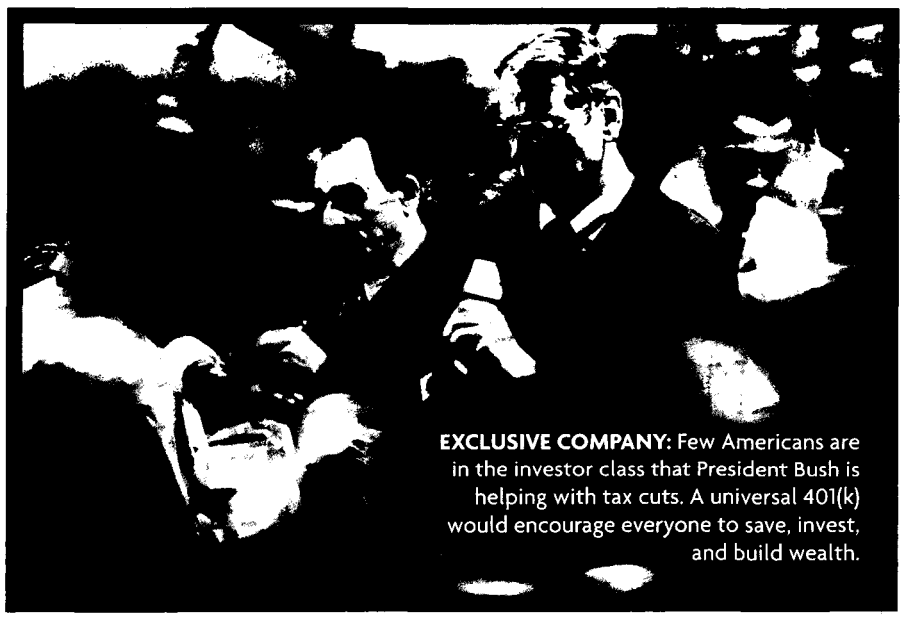
INVESTOR CLASS

Instead of the class war President Bush is fighting for the wealthy, we should help all Americans save.

by **Gene Sperling**



EXCLUSIVE COMPANY: Few Americans are in the investor class that President Bush is helping with tax cuts. A universal 401(k) would encourage everyone to save, invest, and build wealth.

To hear the Bush administration tell the story, its victory in Congress reducing the tax on stock dividends and capital gains is evidence of its commitment to America's emerging investor class. Never mind that most middle-class investors will receive little or no benefit from the new law. The administration seems intent on falsely packaging what Warren Buffett has aptly called "class welfare" for the wealthiest as aid for the average investor. Between the dividend and capital gains tax cuts and the eventual complete repeal of the estate tax—President Bush's other major class welfare initiative, repackaged as a crusade on the "death tax"—we could be forgoing $100 billion a year by 2013 in tax dollars to reward only the wealthiest of America's investors.

Still, it is not enough to simply expose the fallacy of Bush's agenda. The better course is to present a progressive alternative that would promote investment, savings, and wealth creation for every American. To that end, here's an idea that is bold and simple: a program of universal 401(k) accounts that would help all Americans build a better future for themselves and their children.

Here's how it would work: Middle-income and working poor families, who often fall through the cracks in our wealth creation and retirement savings systems, would be given the opportunity to open new tax-deferred retirement savings accounts. They would be eligible for up to $1,000 in matching funds for savings they contributed, provided through refundable tax credits. For low-income families, the government could provide a 2-1 match; for more moderate-income families, it could be a 1-1 match. Under this plan, a family eligible for a 2-1 match could accumulate a nest egg of $190,000 simply by contributing $500 a year for 40 years, assuming a 5 percent rate of return.

When we look beyond the rhetoric, it is clear that the Bush tax changes will do little to plug the dramatic holes in our investor class. While much is made of the demographic fact that more than half of all Americans now own stocks, the typical investor in the middle of the income distribution scale has fairly small holdings—about $15,000. Nearly half of Americans have no savings for retirement. Some 92 percent of the working poor—and 74 percent of all Hispanic workers—lack even an employer-provided retirement account. And a disturbing 86 percent of part-time workers and 83 percent of employees working in small firms have no 401(k)-type account. In other words, most American workers remain dependent on Social Security, meager savings, and the

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equity accumulated in their house for retirement, if they can even afford to retire.

One of the main reasons that so many Americans lack significant investments, beyond the fact that it takes nearly all of what many families earn to live, is that our system for encouraging savings and wealth creation is completely upside-down. Because the only tool our nation employs to encourage savings is tax deductibility, the more you earn, the easier we make it to save; the more you struggle to make ends meet, the more we tell you, you're on your own.

For instance, if you and your spouse make $500,000 a year and are in the 35 percent tax bracket, you get an initial 35-cent tax break for every dollar you save, which expands as the dollar accumulates interest without being taxed. If you make $50,000 and are in the 15 percent bracket, you start with 15 cents in tax breaks on every dollar saved; but if you are a hard-working family of four making $25,000, and one of the 33 million tax filers who do not make enough to owe income taxes, you get nothing—not a penny's inducement to save.

As a result, of the $125 billion in revenue the government forgoes each year to subsidize tax-deferred savings vehicles, only 2.1 percent goes to the bottom 40 percent of workers.

The Bush plan does nothing to address this fundamental problem. The new law provides no new incentives for those who are outside the investor class to begin saving and accumulating wealth. Indeed, more than four out of five Americans will receive absolutely no benefit from the lower taxes on dividends and capital gains, because they either lack investments or they hold them in tax-deferred accounts. Nor does the new Bush proposal to create Lifetime Savings Accounts (LSAs) provide any new incentives for those left out. Even though only 3 percent to 5 percent of Americans contribute the maximum allowable amount to their individual retirement accounts (IRAs), Bush's LSAs seek to increase the contribution limits, giving this group new tax preferences while doing nothing for the other 95 percent.

A universal 401(k) plan, on the other hand, would help turn our savings incentive system right side up. By relying on matches—provided as refundable tax credits—a universal 401(k) would provide incentives to save for those who need them most. The prospect of generous matches would give families who don't save a compelling justification to do so and offer an important incentive for middle-class families to save more. In addition, because these new accounts would provide consistent savings incentives independent of existing employer-sponsored plans, they would ensure much-needed continuity and security to women—and an increasing number of men—who periodically leave the workforce to raise children, as well as to part-time and small-business workers.

Anyway you slice it, the Bush plan is terrible savings policy. In addition to the devastating impact the Bush tax cuts will have on our long-term budget deficits and national savings, there is no evidence to suggest that the administration's savings proposals geared toward the well-off will actually increase private savings. Numerous studies show what common sense dictates: Better-off people tend to respond to new incentives by shifting existing savings into tax-favored accounts rather than actually saving more.

A universal 401(k) plan, by contrast, would truly increase private savings by first bringing people who are not saving into the process of wealth creation, and then offering an incentive for small savers to increase their savings. Those who wanted to devote to deficit reduction more of the savings that would result from rolling back regressive Bush tax cuts could initially target this new savings proposal at the most hard-pressed working families, or phase it in over a number of years.

The Bush tax cuts, if made permanent, will drain more than three times the savings needed to make Social Security completely solvent. While this historic fiscal recklessness may have killed off the chances of Social Security reform for years to come, a universal 401(k) could be a politically acceptable interim step. Democrats should support this progressive universal pension as an addition to Social Security's guaranteed benefit structure. Republicans should accept it as a chance to promote individual savings. While a universal 401(k) is not a substitute for Social Security reform, it would ensure that as Washington continues to fight over reform, we would be helping tens of millions of Americans and the nation as a whole better prepare for the baby boom retirement challenge.

If universal 401(k)s are added to the current pension system, they should be made portable and should be carefully coordinated so as not to encourage employers who are offering plans now to drop that coverage. Alternatively, the generous progressive matches from a universal 401(k) plan could serve to strengthen broader simplification efforts, such as the "universal pensions" advocated by Paul Weinstein of the Progressive Policy Institute, by providing even bolder encouragement for more families to save and engage in the process of wealth creation. Either way, the new accounts should be administered by private-sector firms that offer individuals a limited number of broad-based investment options. We should also consider an efficient thrift savings plan, an option federal government workers now have.

Finally, implementing a universal 401(k) should not require increasing taxes or driving up the deficit. Democrats could simply argue for funding this effort by transferring to it a portion of the recent tax cuts for dividends, capital gains, and complete estate tax repeal. This would force the right question for America's investor class into the policy debate: Do we want to direct $100 billion a year to reward a handful of already wealthy investors, or do we want to promote an agenda to help 100 million more Americans become new or stronger members of the investor and wealth-creation class? ◆

More than **four out of five** Americans will receive absolutely **no benefit** from the lower taxes on dividends and capital gains, because they either **lack investments** or they hold them in tax-deferred accounts.

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Shattering Liberal Myths

This is the memo that unleashed a firestorm among Democrats last spring. It shows why Democrats must reject five myths—if they want to win in 2004.

| by [illegible] and [illegible]

DLC
Democratic Leadership Council

DLC Memo
TO: Leading Democrats
FROM: Al From and Bruce Reed
SUBJECT: *The Real Soul of the Democratic Party*

Notwithstanding the current glee in Republican circles, we are increasingly confident that President Bush can be beaten next year. If Democrats run the right campaign in 2004, Bush's high-flying poll numbers since the war will land with a thud on the deck of the U.S.S. Economy.

But that's a big If. For all the talent in the field of Democratic candidates for president, none of them will succeed without bucking conventional wisdom about the winning path to the Democratic nomination.

As we begin another presidential primary season, it's worth shattering the five most dangerous myths about the Democratic nominating process:

Myth #1: Real Democrats Always Turn Left

Unlike Gov. Howard Dean, we never forget to give the late Sen. Paul Wellstone credit for coining the phrase, "Democratic wing of the Democratic Party." We often disagreed with Sen. Wellstone on the issues, but we always knew he was fighting for the little guy.

But the great myth of the current cycle is the misguided notion that the hopes and dreams of activists represent the heart and soul of the Democratic Party. Real Democrats are real people, not activist elites. The mission of the Democratic Party, as Bill Clinton pledged in 1992, is to provide "real answers to the real problems of real people."

Al From is founder and CEO of the Democratic Leadership Council. **Bruce Reed,** President Clinton's former domestic policy adviser, is president of the DLC.

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Real Democrats who champion the mainstream values, national pride, and economic aspirations of middle-class and working people are the real soul of the Democratic Party, not activists and interest groups with narrow agendas.

Under Roosevelt, Truman, Kennedy, and Clinton, the Democratic Party built the middle class, fought for social justice, defended America's freedom, and promoted democracy and free enterprise in the world. The broad prosperity generated under these Democratic presidents has defined the central difference between the two parties, which is that Democrats believe in opening the doors of opportunity for real people everywhere.

What activists like Dean call the Democratic wing of the Democratic Party is an aberration: the McGovern-Mondale wing, defined principally by weakness abroad and elitist, interest-group liberalism at home. That's the wing that lost 49 states in two elections, and transformed Democrats from a strong national party into a much weaker regional one.

The real tradition of the Democratic Party is grounded in expanding opportunity and economic growth, increasing trade, standing up for a strong national defense and for America's interests in the world, and strengthening community at home. Don't take our word for it: Take a look back at old Democratic Party platforms.

Roosevelt's 1932 platform called for "reciprocal trade agreements with other nations, and an international conference designed to restore international trade and facilitate exchange." At home, it promoted "an immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagances to accomplish a savings of not less than 25 percent of the cost of the Federal Government." Roosevelt's last platform, in 1944, said that Democrats had "saved our system of free enterprise" and built "the best trained and equipped army in the world, the most powerful navy in the world, the greatest air force in the world, and the largest merchant marine in the world."

Kennedy's 1960 platform put national security first, and went on for 19 sections before even getting around to the domestic agenda. It accused the Republicans of losing America's position of military pre-eminence and pledged to restore it.

Not only is the activist wing out of line with Democratic tradition, but it is badly out of touch with the Democratic rank-and-file. In 1996, a survey by the *Washington Post* compared the views of delegates to the Democratic convention to those of registered Democratic voters. The delegates perfectly mirrored the Democratic electorate in terms of race, ethnicity, and gender. But they could not have been more different when it came to class and education. Democratic delegates were nearly five times more likely than Democratic rank-and-file to have incomes over $75,000, three times more likely to have a college degree, and over four times more likely to have done postgraduate work. No wonder that when the *New Yorker* recently asked Karl Rove to describe the Democratic base, he said, "somebody with a doctorate."

On most of the issues in the 1996 *Post* survey, Democratic activists and rank-and-file might as well have come from different parties. On every social and economic issue, registered Democrats' views were closer to those of all registered voters than to those of Democratic delegates. Almost two-thirds of Democratic delegates wanted to cut defense spending; most registered Democrats did not. A majority of Democratic delegates opposed a five-year time limit for welfare benefits; two-thirds of registered Democrats supported it. Democratic delegates were split on the death penalty; registered Democrats favored it by more than a 2-1 margin. These weren't delegates to the Green Party convention; they were delegates committed to re-electing Bill Clinton, who had sided with rank-and-file Democrats on each of those issues!

Clinton understood what too many others are prone to forget: most Democrats are doers, not ideologues. They don't vote to make a statement; they vote in hopes of getting things done. They want social progress, but they're not on a social crusade. ***Most Democrats aren't elitists who think they know better than everyone else; they*** are ***everyone else. They don't swoon when they hear a candidate say it's time for Democrats to dream again. What they want is the American Dream, where everybody who works hard and plays by the rules has the chance to get ahead.***

> But the **great myth** of the current cycle is the **misguided notion** that the hopes and dreams of activists **represent** the heart and soul of the Democratic Party. **Real Democrats** are real people, not activist elites. The **mission** of the Democratic Party, as Bill Clinton pledged in 1992, is to provide **"real answers to the real problems** of real people."

Myth #2: Candidates on the Left Have the Inside Track. Wrong. The last time the most liberal candidate won the Democratic nomination was George McGovern in 1972. Diehard liberals have been losing ever since. In 1976, Jimmy Carter beat a pack of candidates to his left—Udall, Humphrey, Bayh, Shriver, Harris, Church, Brown. Carter beat back Kennedy's challenge from the left in 1980. The 1984 race pitted Mondale, the establishment candidate, against Hart, the reformer, with Jackson, McGovern, and Cranston on their left. In 1988, Dukakis won with Jackson, Simon, and Gephardt on his left. The 1992 nomination came down to the two most centrist candidates, Clinton and Tsongas. In 2000, Bradley ran to Gore's left and lost.

Myth #3: The Primary Calendar Is Stacked Against New Democrats. Wrong again. We're the first to warn that Democratic activists are out of sync with the country. That's why party caucuses like Iowa are such a poor test of potential success in the general election. It's also why the decision by states like New Mexico to save money by switching from primaries

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to caucuses is cause for alarm. We wouldn't put it past Karl Rove to recognize that bankrupting the country and the states with big tax cuts has the partisan side-benefit of giving liberals a louder voice in choosing the Democratic nominee.

But in the end, the Democratic nomination will be won in primaries, not caucuses. In the past 30 years, the only nominee to get a real bounce from Iowa was the previously unknown Jimmy Carter. While that win put Carter on the map, in order to gain the nomination he had to win a grueling set of close primaries. After winning in New Hampshire, Carter beat the leaders of every faction in the party: the conservative George Wallace in Florida, the liberal Mo Udall in Wisconsin, and the party regulars led by Scoop Jackson in Pennsylvania. Other hopefuls who needed a lasting Iowa bounce (like Hart, the surprise runner-up in 1984, and Gephardt in 1988), watched it fade as soon as the primary calendar heated up.

extras New Democrats Online NDOL.org Search: Extra Five Myths

There's even a case to be made that presidential candidates run the wrong way in Iowa. By definition, the caucuses are dominated by activists. But even in Iowa in 2000, 5 percent of caucus participants identified themselves as moderate or conservative compared to 49 percent who described themselves as liberal.

No matter what happens in Iowa, the first make-or-break test will come in New Hampshire. Here's a shocker that every presidential candidate needs to understand: ***There's a good chance that more independents will vote in the 2004 New Hampshire Democratic primary than Democrats.***

Sound impossible? You can look it up. In New Hampshire more independents are registered to vote (37.5 percent of registered voters) than Republicans (36.5 percent) or Democrat

John Hickenlooper's Excellent Lessons

How mainstream values and responsible solutions worked in Denver. | *by* **JIM GIBSON**

Running a political campaign at the local level requires the same attention to big ideas and mainstream values that have worked well for Democrats at the state and national levels. Successful candidates must have a clear, compelling, and understandable message that addresses voters' broad concerns and communicates a strong unifying sense of public purpose. Nowhere was this more obvious than in John Hickenlooper's suprise election in the recent Denver mayoral race.

Hickenlooper's campaign embraced traditional progressive values and advanced them in ways that address changing times, focusing on genuine and relevant reform. Articulated through visionary governing themes, his fresh, innovative, and practical ideas championed the values and broad interests of Denverites.

His consistent "New Democrat" messages were on target with voter priorities and appealed across constituencies: reviving a sluggish economy, injecting entrepreneurialism into government, and solving the city's significant budgetary problems. He emphasized spending taxpayer money wisely and expanding opportunity through private-sector growth, along with respect and tolerance for everyone. He favored a government that empowers people, not one that takes care of them.

That winning message did not happen by accident. Before the campaign started, Hickenlooper—a brewpub owner who had never held public office—comprehensively and methodically assessed the big challenges facing the city, visited mayors across the nation to identify cutting-edge ideas, and developed a set of innovative and practical Denver-specific solutions.

Not intimidated by the pundits who called him a long shot, Hickenlooper insisted that his message and ideas would drive everything else, including fund raising, recruiting volunteers, and generating political support. He distilled that agenda into engaging television ads that used clever scenes to explain his candidacy, such as opposing a proposed parking meter fee increase by feeding the meters himself.

Early on, Hickenlooper convinced voters that "business as usual" approaches would not solve Denver's pressing problems. His opponent, City Auditor Don Mares, sensing that sentiment, futilely tried to become the "outsider," despite 14 years in public

> Populism no longer **resonates** with an electorate that is now more **educated**, more **affluent**, more **middle class**, more **centrist**, more **independent**, more **invested** in the stock market, and **less unionized**.

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6 percent). According to exit polls, about 155,500 self-identified independents voted in the 2000 primary, compared 140,550 Republicans and 92,800 Democrats. Inspired John McCain's Straight Talk campaign, 60 percent of those dependents voted in the Republican primary. This time, ith no GOP contest and a heated Democratic one, those umbers could easily be reversed. If 60 percent of independents vote on the Democratic side, that would mean more an 93,000 independent voters in the Democratic primary, ghtly larger than the number of Democratic voters in 2000.

The increased number of independents will moderate e Democratic primary electorate. In 2000, the New Hampire electorate was less mainstream than in the past: 54 ercent identified themselves as liberal, 38 percent as modate, and 8 percent as conservative. With more independents

Continued on page 18

ffice, causing serious damage to his edibility with the electorate.

Hickenlooper's background, on the her hand, reinforced his message. oters liked his track record as a businessman who created jobs and met paylls, and they empathized with his perience of losing his job in the 1980s nd then bouncing back. His work for onprofit groups demonstrated a comitment to the community.

Rather than a compelling and consistent message, Mares thought the keys his campaign would be his experince, his ability to get the endorsements traditional Democratic constituency roups and cause-oriented movements, nd surrounding himself with Demoatic Party operatives. He never xplained how his experience would be asset in solving Denver's present and ture problems. That resulted in an consistent, diffuse, and fragmented essage that rarely spoke to broad iddle-class aspirations and values. andidates must define themselves by early articulating what they stand for, ot merely by the organizations or roups they stand with.

One of Mares' other strategies was fire-reathing populism. He accused Hicklooper of being a Democrat in epublican clothes who supported busiss interests, not working families—one ho cared about downtown, not neighorhoods. That strident "Old Democrat" message pushed Denver Republicans away from Mares and especially alienated independents, who disdain that kind of partisanship. It did not even help with rank-and-file Democrats; one pre-election poll had Hickenlooper ahead by 11 percentage points among Democrats.

Mares failed to recognize that Denver politics has changed dramatically in the past two or three decades. Populism no longer resonates with an electorate that is now more educated, more affluent, more middle class, more centrist, more independent, more invested in the stock market, and less unionized. The old message just pushes away key swing middle- and upper-middle-class voters, who now largely decide elections.

Hickenlooper prevailed because he realized that majorities are built around values and ideas, not narrow appeals to special-interest groups. While Hickenlooper was speaking to the broad concerns of voters, Mares was making very specific promises to attract support from city workers, who, by the way, are fighting the very changes the electorate is demanding.

Tellingly, Hickenlooper helped to keep his message consistent by refusing offers from independent organizations that try to help their endorsed candidates. These groups usually emphasize a narrow set of issues they consider important, often confusing their favorite candidate's message.

For example, Mares got help from the Denver Area Labor Federation with mailings, but the literature focused on the priorities of organized labor, not the broader concerns of Denverites. Regardless of its pros and cons, public employee collective bargaining can never have the same broad appeal as Hickenlooper's agenda of generating jobs and reforming government. Even in Denver, the state's Democratic stronghold, a strong message will always trump special-interest-group politics.

Today's politics requires understanding the everyday problems facing people, articulating a clear, forward-looking vision, and advocating innovative solutions rooted in mainstream values. Ordinary voters do not see the debate in terms of liberal vs. conservative, but as a battle between those clinging to the familiar past and those willing to embrace an uncertain future with new ideas. They are seeking a new kind of public activism that equips citizens, families, and communities with the tools they need to solve their own problems. Winning the battle of ideas must become the central focus. Voters want fiscally responsible solutions and progress on those issues that affect them on a daily basis. ◆

Jim Gibson is president of the Colorado DLC.

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Continued from page 17

voting on the Democratic side, the primary electorate will be more like it was in 1992: 43 percent liberal, 42 percent moderate, and 14 percent conservative.

After Iowa and New Hampshire, the candidates will have to compete in South Carolina, Arizona, and Oklahoma—all states that tend to be more moderate. In the 2000 Democratic primary in Oklahoma, for example, 30 percent of voters were liberal, 45 percent moderate, and 25 percent conservative. Like New Hampshire, South Carolina has an open primary in which independents can vote. Unlike New Hampshire, it also has a significant African-American vote—another potentially moderating influence. Except during Jesse Jackson's historic run in 1988, Southern black voters have been a consistent firewall for more moderate candidates, including Carter, Clinton, and Gore.

REAL DEMOCRATS FIGHT FACISM: The great Democratic presidents of the 20th century—Roosevelt, Truman, Kennedy, and Clinton—defended freedom with force.

Myth #4: Democrats Are a Mushy Bunch of Wimps with Nothing to Say. OK, so maybe that's not entirely a myth. But it is a myth to suggest that Democrats will make that feeble reputation go away by boldly telling activists exactly what they want to hear.

Every primary season unleashes the pander virus. Dick Gephardt's $2.5-trillion health care plan is the latest case in point. While Gephardt is right to base his candidacy on "big ideas," his health plan only underscores the folly of appealing to Democratic activists instead of the Democratic rank-and-file. When activists think big, they always do so with the rank-and-file's money.

to a higher purpose. FDR saved the world from fascism a saved capitalism from itself. Roosevelt and Truman help build the largest middle class in history with the GI Bill. J got America moving again with challenges, not promis Clinton saved progressive government by expanding opp tunity and demanding responsibility in return.

Myth #5: Democrats Can't Win in 2004. ***The greatest my of all is that George W. Bush can't be beaten. America h too much potential, and his administration too little.***

Right now the president looks strong, but his high p numbers after the Iraq War lower than his father's ratings af the Gulf War a dozen years ag Bush's numbers, like his fathe show chronic weakness on t economy that could endanger re-election prospects if it persists.

> "**Incumbents** are always difficult to beat, but this president—like his father—will be **more vulnerable** than we can imagine today. A year from now, the **presidential race** will look a lot different."

By all means, Democrats should have the courage to tackle big problems and take on entrenched interests. The Bush years have created a long list of challenges the country must address—restoring an ethic of responsibility in Washington and in corporate America; asking more Americans, especially young Americans, to serve; championing the values and economic interests of the forgotten middle class instead of protecting wealth and privilege at every turn.

The way for Democrats to recapture the high ground and the White House is not to talk big, but to be genuinely bold. We don't need another president who is willing to give away money the country doesn't have. We don't need another president whose idea of a new tone in Washington is to put his party's special interests first. We don't need another president who tells people only what they want to hear, instead of asking them to do more and giving them the chance to do better.

At its best, the real Democratic Party has called America

Incumbents are always difficult to beat, but this president like his father—will be more vulnerable than we can imagi today. A year from now, the presidential race will look a different. The president's numbers, inflated by his success Iraq, will return to pre-war levels. The Democrats will lo stronger. Fringe candidates who devalue the Democratic Par currency will be long gone. The cacophony of candidate voi will be reduced to one. When the nominee goes head to he with the president, Democrats will have the clarity of messa for which we now long.

Democrats can take back the White House in 2004, b only if they live up to their party's true traditions, and sta up for the values, aspirations, and security of the decent, har working, God-fearing people that made this country a the Democratic Party great. The winning path may not be ea but it runs straight. ●

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The Republicans' Great Gerrymander

The GOP's biggest weapon isn't Bush or good candidates. It's redistricting.

by [illegible]

n 2002, Democrats fell short for the fourth straight time in their effort to regain control of the U.S. House of Representatives. To the surprise of most observers, Republicans actually gained House seats for the first time since 1994.

The conventional wisdom on this outcome is that President George W. Bush made the midterm elections into a referendum on his post-Sept. 11 leadership in the war against terrorism. Other analysts have pointed to a superior GOP get-out-the-vote effort, or to better candidate recruitment.

While all these factors probably had an impact, the overriding obstacle to a Democratic takeover of the House was set in place long before the midterm election campaigns—by the congressional reapportionment and redistricting after the 2000 Census. In fact, this process gave Republicans an advantage that will be difficult for Democrats to overcome before the next decennial redistricting.

To a lot of people, this seems counterintuitive. To the untrained eye, the House appears fairly evenly divided: 229 Republicans to 206 Democrats. That suggests that the nation favors Republicans by 5.2 percentage points. But if you judge by presidential voting behavior—the purest indicator of national political sentiment—the nation really is much more evenly split: almost 50-50. Al Gore won more of the popular vote in 2000, but Bush won 239 congressional districts to Gore's 196. That shows how redistricting can tilt the scales in the House.

The basic trend in redistricting, reinforced after the latest census, is incumbent protection. This means the creation of as many safe, noncompetitive districts as possible. The number of competitive districts—those that might change from one party to the other in any given election—is declining dramatically. The number of incumbents who lost in the general election fell to an average of 16 in the 1980s, 12 in the 1990s, six in 2000, and—if you control for redistricting and scandals—zero in 2002. We've reached the point where incumbents just can't lose. Never before has there been such a preponderance of safe seats. And that is bad news for the minority party in the House—Democrats, who must win an overwhelming percentage of marginal seats to regain power.

Aside from the incumbent-protection racket, Republicans did a better job of gerrymandering House seats in the relatively small number of states where one party or the other was in charge of redistricting and willing to use its advantage.

The best example was Florida. We know from the 2000 presidential election results that Florida is, in terms of political sentiment, the most evenly

The fix is in

The basic trend in redistricting, reinforced after the last election, is incumbent protection.

Incumbent Reelection Rate (%)	
1994	90
1996	94
1998	98
2000	98
2002	98

Incumbents can't lose

The number of incumbents who lost their seats has been in steady decline for three decades.

Average Incumbent General Election Defeats	
1970s	18
1980s	16
1990s	20
2000	6
*2002	1

NOTE: * Non-redistricting influenced

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divided state in the union; Bush won the state by only 500 votes. So if Florida's congressional seats properly reflected the state's politics, its 25-seat delegation would be divided roughly in half. Instead, it has 18 Republicans and only seven Democrats. That shows the power of redistricting built around the creation of safe seats—and the power of technology that allows very precise map-drawing. It also demonstrates the partisanship that is driving redistricting these days.

In Florida, exhibit A is the central region in the Tampa-Orlando axis. It's a huge population center, and hugely important. Forty percent of the state's voters live there. The region has 12 congressional districts, and it's a politically competitive region—unless you redistrict it in such a way as to make it noncompetitive.

Look at recent elections. The 2000 presidential vote in the Tampa-Orlando area was split down the middle. So its 12 House seats should be divided roughly six to six. Instead, there are 10 Republicans and two Democrats. Why? Because of very clever gerrymandering by a Republican-controlled legislature. The lines were drawn not only to keep high-probability Democratic voters, like minorities, bunched together in two districts with major urban populations in Tampa and Orlando, but also to carefully disperse probable Republican voters throughout the other 10 districts, giving them a 55-45 advantage in almost every one. A Democratic legislature, by the way, could have drawn lines to create exactly the opposite effect. That shows how manipulative redistricting can be. District lines are just a contrivance of somebody's partisan inclinations.

In California, where Democrats are the majority, they did it differently. The line-drawers were able to make all the marginal seats safer. Therefore, incumbents of both parties—33 Democrats, 20 Republicans—are all but guaranteed re-election until the next redistricting. The same thing happened in the second largest state, New York.

In 2002, 80 of 82 House races in California and New York were won by more than 10 percentage points—and one other was won by 9.6 points. This means that in the nation's two most populous states, controlling about one-fifth of the entire U.S. House of Representatives, there are almost no competitive races.

The creation of an overwhelming preponderance of safe seats has the effect of nullifying politics. In other words, no matter how the voters feel, about 90 percent of the districts are now preordained to go to a certain party because of sophisticated gerrymandering. In many cases, this was agreed to by both parties, because all incumbents—Democrats and Republicans—like incumbent protection plans. In states where one party clearly dominated, incumbents sat down in a room and drew a map that favored them all. Call it consensual gerrymandering.

This is, unfortunately, the trend all over the country. Lack of competition is the new watchword of congressional politics. Today only 40 to 45 seats out of 435 can be called competitive. Another 20 can be competitive when public opinion favors one party. In 2002, more than 80 percent of House seats were won by margins of 20 percentage points or more. In my view, only seats won by a margin of 4 points or fewer are truly competitive; there were only 15 of these in the entire nation in 2002.

The decline of marginal districts has a polarizing effect on House politics, and indirectly, on all politics. Safe seats lock in the left-liberal tendencies of the Democratic Party, and the right-wing dominance of the Republican Party. They ignore the public will. That's not good for the country because it creates an intransigent Congress that can't accomplish anything. Today the Democratic Party caucus in Congress certainly appears to be to the left of the country, to the left of recent (and likely future) presidential nominees, and probably to the left of most people who call themselves Democrats. That's not healthy—especially at a time when old stereotypes of Democrats as weak on national security and too addicted to Big Government are re-emerging.

> "Safe seats lock in the **left-liberal tendencies** of the Democratic Party and the **right-wing dominance** of the Republican Party. They **ignore** the public will. That's **not good** for the country."

Runaway victories

Lopsided districts where one party is almost guaranteed victory are growing. The Republicans have more of them.

	Percentage of Incumbents Winning by 60% or more
1990	76
1992	66
1994	65
1996	74
1998	76
2000	77
2002	83

Besides redistricting *within* the states, Democrats were also disadvantaged by the reapportionment *among* the states that followed the 2000 Census. In keeping with a 30-year trend, congressional seats continued to move from the North into the Sunbelt. 12 seats migrated to the South, where the voting is trending Republican. Every state that gained one or two new seats had voted for Bush in 2000—with the exception of California. In the 2002 congressional races, Republicans won seven of the new seats and Democrats won five. And the obverse is also true: Of the 12 seats given up by Northern states, more had been held by Democrats than by Republicans. So Democrats took a hit coming and going.

Another important factor in redistricting is demographics. You can't elect Democrats anywhere in America-

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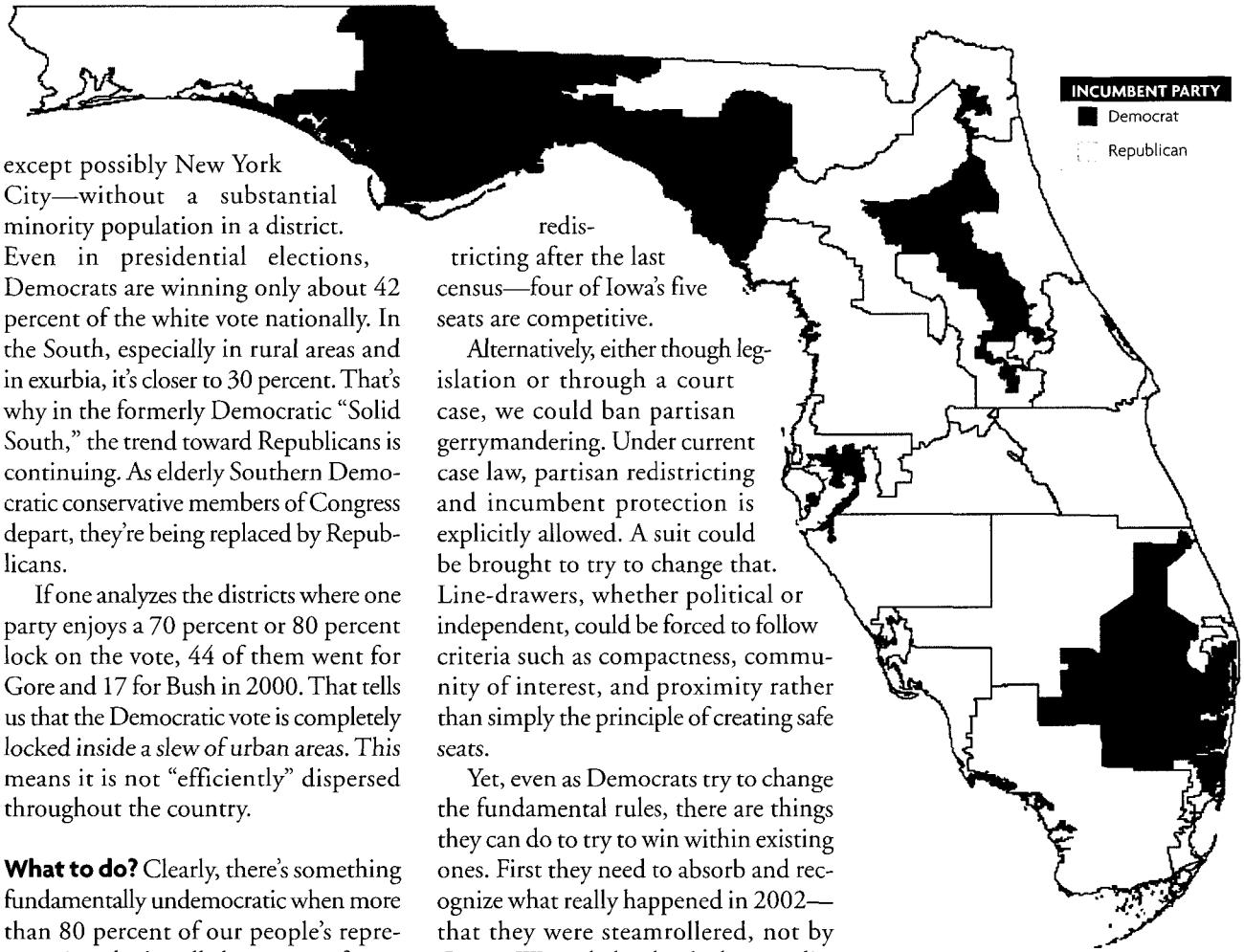
FLORIDA'S 25 CONGRESSIONAL DISTRICTS: Unequally Divided



THE PERFECT GERRYMANDER: Florida's voters were divided 50-50 in the 2000 election. But the Republican-controlled legislature produced an artful redistricting that gave the GOP 18 congressional seats and the Democrats only seven.

except possibly New York City—without a substantial minority population in a district. Even in presidential elections, Democrats are winning only about 42 percent of the white vote nationally. In the South, especially in rural areas and in exurbia, it's closer to 30 percent. That's why in the formerly Democratic "Solid South," the trend toward Republicans is continuing. As elderly Southern Democratic conservative members of Congress depart, they're being replaced by Republicans.

If one analyzes the districts where one party enjoys a 70 percent or 80 percent lock on the vote, 44 of them went for Gore and 17 for Bush in 2000. That tells us that the Democratic vote is completely locked inside a slew of urban areas. This means it is not "efficiently" dispersed throughout the country.

What to do? Clearly, there's something fundamentally undemocratic when more than 80 percent of our people's representatives don't really have to run for reelection. It's as though they are being elected to 10-year terms instead of two-year terms. We need to look for remedies, not only for the sake of the Democratic Party but for the sake of our political process. We need to find ways to avoid a spiral of gerrymanders that skews the playing field toward the ruling party and puts a fair chance of political upset out of the reach of the opposition party, no matter how persuasive its ideas.

One way to break this system is to take redistricting completely out of partisan hands. We should, at a minimum, consider putting redistricting under the control of state redistricting commissions balanced in party make-up, with perhaps one independent member in case of tie votes. Independent commissions in Iowa and Washington state produced much more competitive redistricting after the last census—four of Iowa's five seats are competitive.

Alternatively, either though legislation or through a court case, we could ban partisan gerrymandering. Under current case law, partisan redistricting and incumbent protection is explicitly allowed. A suit could be brought to try to change that. Line-drawers, whether political or independent, could be forced to follow criteria such as compactness, community of interest, and proximity rather than simply the principle of creating safe seats.

Yet, even as Democrats try to change the fundamental rules, there are things they can do to try to win within existing ones. First they need to absorb and recognize what really happened in 2002—that they were steamrollered, not by George W. Bush, but by the latest redistricting. This means they must prepare for real hand-to-hand combat by the time of the next redistricting. (It even could come earlier if any other states than Texas attempt to redraft redistricting in midstream; Texas Democrats showed themselves ready for the fight when they dodged the Republican seat-grab scheme last May by simply leaving the state.) They should study districts that show a history of Democratic presidential voting but that now have a Republican representative. More than 30 districts that Gore carried elected a Republican House member. Most of these are in the Northeast and in the suburbs of central cities elsewhere. Those seats should, with the right candidate, be rich targets for Democrats.

Finally, Democrats have to focus on changing their image on the so-called cultural issues if they are to regain the ability to compete in rural or exurban districts. While Democrats have done a good job of inoculating themselves on economic issues, a lot of voters suspect the party of excessively liberal views on welfare, immigration, gay rights, guns, religion, and other cultural issues. Democrats must learn to swim against the tide, address negative perceptions of the party, and broaden the battlefield of competitive districts. Otherwise, Democrats may spend a long time in the wilderness before seriously challenging Republicans for control of the House. ◆

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Sen. John Edwards (D-N.C.)

A Rural Economic Development Fund

WHILE THE REST OF AMERICA grapples with an economic downturn, recession has become a permanent way of life for much of rural America. We have a crisis in rural and small-town America. And it is time to do something about it ...

I'll enact the Rural Economic Advancement Challenge, or REACH Fund. We'll make a five-year, $1 billion investment in bringing capital and the skills to use it to small-town America. I will designate Rural Revitalization Zones, eligible for the New Markets Tax Credit and other incentives to encourage business investment.

The second thing we need to do is to harness new technologies in service to rural America. The partnership between startup business and research scientists at our great, state universities creates great value. I'll increase federal funding for biotech research to help transform the rural economy.

Today our nation needs the help of American farmers to bring America clean, homegrown energy ... I'll launch the Fueling America's Future program. We'll help set up biorefineries in rural communities, offer tax credits to reward investments in renewable fuels, and require increased use of renewable fuels for electricity.

To grow, businesses and farmers also need access to the fundamental tools of competition in the 21st century. We need ... to bring affordable high-speed Internet access to every rural community in America within four years.

Third, we have a critical teaching shortage in rural and small-town America. I'll help address that problem, with new initiatives to boost teacher salaries in rural areas and offer scholarships to young people who commit to teach in rural schools.

I'll improve the quality of health care in rural communities by investing in telemedicine. With telemedicine—and that depends on the Internet—people can consult with any doctor in America or the world without leaving their small town.

I want to represent small-town America and rural America, not just for their own sake, but for the sake of the basic American values that flourish here: Honesty and hard work, faith and fairness, patriotism and pride. ◆

Sen. Joe Lieberman (D-Conn.)

An American Center for Cures

CHRONIC DISEASES AFFLICT 100 million Americans, and are responsible for three out of four deaths in America every year. It costs $750 billion a year to treat [them]. Of course, the human costs are beyond measure. My father died of colon cancer. I watched his final days with a helplessness and sorrow that too many of us know. Our goal has to be to cure these diseases—to banish them from our lives and the lives of our loved ones.

That's why one of my highest priorities will be to build an American Center for Cures—a new institute dedicated to finding the next generation of treatments, medicines, and vaccines, that will enable this generation of Americans to live healthier, stronger, and longer lives.

Cures are within our reach today—with the right kind of leadership. Science's understanding of the human body—from the brain to the genome—has advanced to such a degree that we are on the verge of major breakthroughs in Parkinson's Disease, Alzheimer's, AIDS, diabetes, and cancer. What we need is national leadership that will commit our resources and resolve to this mission.

The Center will work with private and public-sector partners to support the research that offers the very best opportunity to find a cure for today's diseases.

Its National Cures Laboratory—modeled after our national laboratories like the one in Los Alamos—will pull together breakthroughs in disciplines from chemistry and biology to computer science, engineering, and nanotechnology.

Its Health Advanced Research Projects Agency will commission rapid and revolutionary drug development from leading scientists at universities, hospitals, and companies throughout America.

And the Center will house a Knowledge Bank to help coordinate clinical trials of new treatments and provide resources to scientists.

Responsibility will be shared, and so will the cost. The American Center for Cures will invest $150 billion over 10 years in the quest for cures. Because of its unique design, which will leverage the resources of the private sector, much of that will come from cooperative agreements and from sharing of royalties from new drugs—not from taxpayers.

Today's miracles can become tomorrow's cures—if we have a plan to make it happen and a president who will persist in pushing that plan until the cures come. ◆

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Sen. Olympia Snowe (R-Maine)

Building the Right Stimulus Plan

THE TEMPORARY DIVIDEND proposal passed by the Senate could cause more harm than good in our capital markets. This is bad tax policy, which will temporarily phase-in long-term changes in how capital is raised in America—and then sunset these changes just as they begin to have an effect.

This is a risky, highly speculative, and ill-conceived approach that will cause uncertainty for investors, businesses, and financial markets. Moreover, it does so at the expense of $60 billion in provisions that would be far more stimulative—such as encouraging small business investment, and providing relief for married couples.

A better approach is the strong stimulus plan I helped craft in the Senate Finance Committee, which incorporated all of the stimulative aspects of the president's growth package in their entirety, conveyed $20 billion in fiscal relief to states and local communities, and provided significant dividend tax relief that would have reached all investors, and eliminated the double tax on dividends for 84.7 percent of all taxpayers. State fiscal relief is crucial to stimulating the economy, as 46 of the 50 states—including Maine—are facing budget shortfalls. ●

Sen. John Kerry (D-Mass.)

Service for College

SERVICE TO THIS NATION WAS the defining moment in my own life—and I believe service can define the life of the nation.

So I am proposing that we fulfill that obligation by creating a seamless web of service where every American—young and old, rich and poor, of every race, religion, and background—can enlist in a new army of patriots who will serve on all the frontlines of our future.

A new "Service for College" initiative will call on young people both to help strengthen America's security and to address unmet needs. For every young person who gives two years of service, America will pay the cost for four years of their state's public college tuition.

And the ethic of service should not just begin when high school ends. So my proposal also calls for a bold new program of High School Service, which will make service and civics a requirement in every secondary school in the nation in exchange for the federal funding the government provides. Local communities will make the decisions on how to get this done. And there is something else they can do if we give them the chance. I propose Summers of Service that will involve teenagers in the work of their communities.

America has already seen the impact of enlisting the young in meeting some of our hardest challenges. The Police Corps is an idea I've championed from the start; it has been one of the most innovative initiatives of the last decade. I will expand it and it will continue to provide an even higher level of benefit for all four years of college.

Peace Corps members are the greatest ambassadors of goodwill and democracy that this nation has ever had—and we need more of them. I propose a major expansion of the Peace Corps for this new century to 25,000 members.

Next, I propose service not just for the young in years, but for those who still have so much to contribute after finishing their careers. My proposal for Older Americans in Service will enlist those who have now retired—because beyond the jobs they did, they have so much more to give. Today's Americans are living longer and staying healthier into their retirement; we need their experience and their energy—and in return, they will earn money that they can apply to an education grant for a grandchild or any other child they choose.

In another, very specific way, more Americans can do something vital for the nation through a new Community Defense Service comprised of hundreds of thousands of people in thousands of neighborhoods. These volunteers will provide their neighbors with solid, reliable information about biological, chemical, or other terrorist threats.

Finally, there is the form of service that has made and kept this country free, defended it from mortal dangers, and literally saved the world from the most monstrous forms of tyranny. Military service is honorable and noble. So often, it is the highest form of sacrifice. As president, I will seek to strengthen our armed forces by recruiting more active duty personnel ... I will modernize our GI Bill benefits.

I believe that a new army of American patriots stands ready for a new era of service. They only await a call to service that is certain and true. It is time to sound that call again. ●

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Dismal talk, poor results

Job loss, a manufacturing slump, a busted budget, and a falling dollar.

| *by* **Jeff Lemieux**

Since his election, President Bush's economic rhetoric has been gloomy. To ensure that the public knows he is concerned about the economy, Bush accentuates bad economic news. He then uses economic worries as a justification for tax cuts.

As a result, his administration has set off a cycle of low economic expectations, tax cuts that don't work, more bad news, more gloom and excuses, more tax cuts, and so on.

Because its fundamental strengths remain intact, the U.S. economy will eventually recover. But if the job market doesn't start improving soon, Bush's negative rhetoric will become a self-fulfilling prophecy.

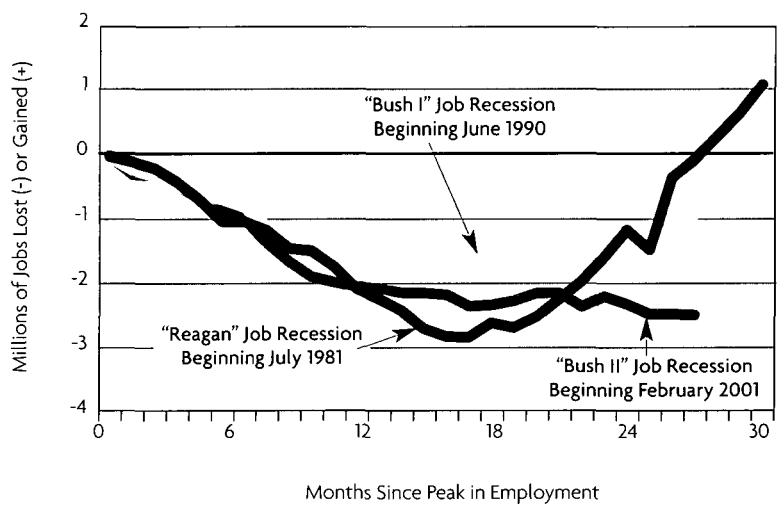
Longest Jobs Recession. Bush is now presiding over the longest period of continuing job loss since the Great Depression.

The current jobs recession is now 27 months old, and employment continues to drift lower (see Figure 1). So far almost 2.5 million jobs have been lost.

By contrast, in the deep employment recession that began in July 1981, the labor market started improving after 20 months. By the 28th month of that recession, the number of jobs had returned to its previous peak and a robust recovery was under way.

Even in the recession and "jobless recovery" of the early 1990s, payrolls started increasing after 20 months of downturn. In fact, the current job drought is now longer than the job recession in the last years of World War II, when the number of jobs fell for 22 months, between November 1943 and September 1945.

Figure 1. Jobs Lost in Last Three Recessions



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> **Jeff Lemieux** is senior economist at the Progressive Policy Institute.

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The Budget Disaster. The combination of weak economic growth, continued job losses, and a budget in disarray is not a good economic backdrop for the president's re-election campaign in 2004.

Federal revenues have fallen from 20 percent of GDP in 2001 to less than 17 percent in 2003. Meanwhile, spending has started to rise rapidly and now exceeds 20 percent of GDP (see Figure 2). The deficit will probably exceed $400 billion for the next several years.

In desperation, the administration has begun to flail. Bush's latest dividend tax cut seems panicky, an artificial attempt to boost the stock market. His economic team has turned over: The new guys are mostly unknown and lack credibility with the public. Bush's political advisers regard the economists as pushovers. That is why so many of Bush's economic decisions have reflected political concerns (and haven't helped the economy).

Yet the economy needs a surge of confidence and optimism much more than it needs another tax cut. Investors know taxes that go down now will just go up again later. They can see that federal spending is not going down, and they know that future federal deficits will cause economic harm and must be addressed. These rational expectations are why Bush's tax cuts aren't stimulating growth.

Figure 2. Federal Budget

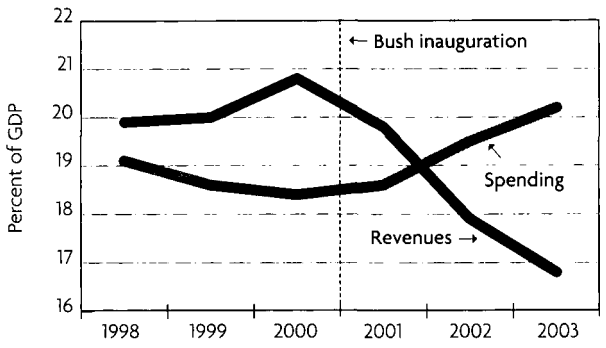
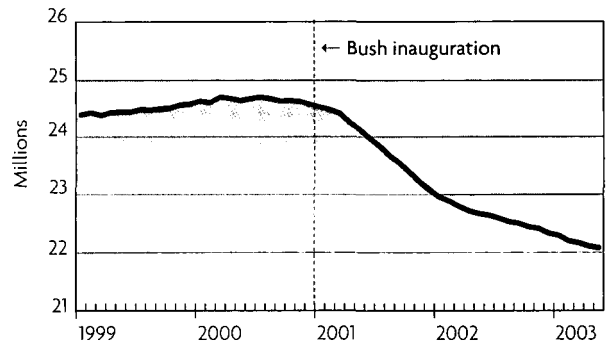


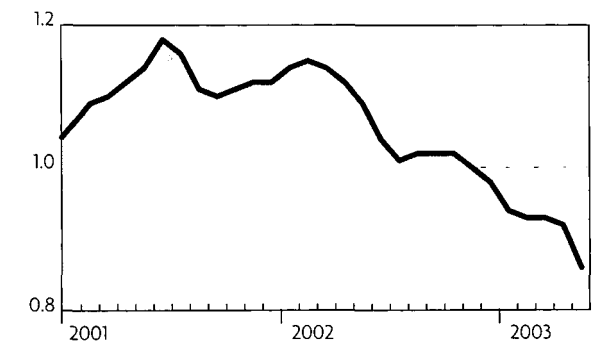
Figure 3. Jobs in Goods-Producing Industries



Manufacturing Continues to Suffer. One part of the economy that needs a change of direction is manufacturing. After a brief uptick in early 2002, the goods-producing sector has slipped back into recession. Meanwhile, manufacturing employment remains in free fall (see Figure 3).

Some U.S. manufacturers will be helped by the recent drop in the value of the U.S. dollar on foreign exchange markets. The falling dollar makes U.S. exported goods cheaper in foreign markets, and thus more attractive to overseas buyers. In the past 12 months, the dollar has fallen by almost 15 percent against an index of major currencies, and over 20 percent against the Euro (see Figure 4).

Figure 4. Euros Per Dollar



However, the drop in the dollar is bad news for some manufacturers that depend on supplies from other countries, because it raises the effective price of imported goods. In the long run, a weaker dollar implies a weaker nation—as the currency declines, the purchasing power of the United States falls worldwide. ◆

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EXCERPT

by **Sen. Evan Bayh**

Responsible Fatherhood

always knew that I wanted to have children someday, but until th birth of my twin sons in 1995, parenthood was an abstract idea That all changed when I first held Nick and Beau in my arms I'll never forget the overwhelming feeling of joy and the profoun sense of responsibility I felt that day—a responsibility to do righ by my sons, to protect and nurture them, to give them the best upbringing I possibly could.

Though I didn't know it at the time, that day also marked the birth of one of my greatest political passions: battling our country's epidemic of fatherlessness.

Each night, more than 17 million kids in the United States go to bed in homes without fathers. Today we lead the world in the percentage of father absence, up 300 percent from just forty years ago. Too many men are bringing children into the world and then just walking away, leaving mothers and taxpayers to pick up the pieces and the bill.

Look at the circumstances currently facing *eight year olds* in order to gauge how full our jails will be six or seven years down the road.

Consider the statistics: children who aren't in contact with their fathers are five times more likely to live in poverty and ten times more likely to live in extreme poverty. They're more likely to bring weapons and drugs into the classroom. Children without fathers are twice as likely to commit crimes and drop out of school. They're more than twice as likely to abuse drugs and alcohol. Children without fathers are also more likely to commit suicide and to become teenage parents. The overwhelming majority of violent criminals—including 72 percent of adolescent murderers and 70 percent of long-term prison inmates—are males who grew up without fathers.

Make no mistake about it: fathe absence hurts children. As governor o Indiana, I'd become all too familiar wit its devastating effects as we worked t address a connected web of social prob lems that have their roots in the break down of families. When I came to offic in 1989, for example, Indiana was expe riencing a corrections crisis. Fueled b a increase in drug-related convictions, ou inmate population was exploding. Th connection between crime and the break down of family structures was drive home to me by Jim Aiken, head of ou Department of Corrections.

I remember meeting with Jim on afternoon in my office. I asked him t explain to me how he could predict th number of criminals we'd be incarcerating in the future.

"We've got this equation," he said, "an it's got a lot of variables in it. But the singl most reliable predictor is the number o at-risk children in second grade today."

In other words, we look at the cir cumstances currently facing *eight year old* in order to gauge how full our jails wil be six or seven years down the road. I ever there were a powerful argument fo early intervention, for ensuring that kid grow up in the best possible circum stances, this is it.

From a policy standpoint, the con nection is crystal clear: if you care about

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raising educational and economic performance, ending welfare dependency, fighting drug and substance abuse, curbing teen pregnancy and ending juvenile violence, you have to look at how we raise our children. If we fail to nurture and support them and prepare them to deal with life, not only do the children suffer, but society as a whole pays a price.

In my second term as governor, I began looking for ways to more directly address the problem of father absence. During my State of the State address in January 1996, two months after my sons were born, I stood before the Indiana General Assembly and held up a birth certificate on which the space provided for the father's name had been left blank. I wanted Indiana's citizens and lawmakers to think about how difficult life must be for a child who never knows his or her father. I also wanted to drive home the point that we were seeing too many of these birth certificates in Indiana and across the country.

A high-profile gathering of experts in the field—public and private, religious and secular, practitioners and academics—seemed like a good next step. My hope was that a large-scale conference on fatherhood would raise public awareness about the issue and build political support as well.

In May of 1996, we put out a call to the whole state: If you care about fatherhood issues, if you're working to address fatherhood issues, if you've *thought* about working to address them, come to Indianapolis for the Governor's Conference on Fatherhood. On September 24, close to a thousand people showed up at the Indiana Convention Center, including representatives of more than forty different initiatives from fifteen states—the largest such gathering of its kind in the nation up to that time.

However, the conference was only the first step in our effort to promote responsible fatherhood in Indiana. We also launched a statewide ad campaign to raise awareness of the issue, using a series of ads produced by the National Fatherhood Initiative.

I found one of the ads to be particularly powerful. It opened with an all-American image of a young boy wearing a ball cap and a baseball mitt, playing catch. You see the boy throwing the ball; you see him picking it up from the grass. Then the camera pulls back and you realize the boy is all alone, playing catch with himself. The parent you expect to see isn't there. When Senator Joe Lieberman saw the ad a few years later at the press conference where I introduced The Responsible Fatherhood Act, he said it almost brought tears to his eyes.

Public education about father absence is important, but it isn't enough. You have to back it up with programs that impact real people. So, in addition to the conference and the TV ads, we started a grant program to provide direct support to the many programs across the state that were promoting responsible fatherhood and related causes. The conference helped people learn how to tackle the problem; the grant program provided capital for them to put their knowledge to use.

To date, the Indiana fatherhood grants have helped more than 19,000 Hoosiers through a variety of programs. One such program is the Security Dads at Arlington High School on Indianapolis' east side, a group of fathers who patrol the hallways and let the students know that there are adult men who care about the school.

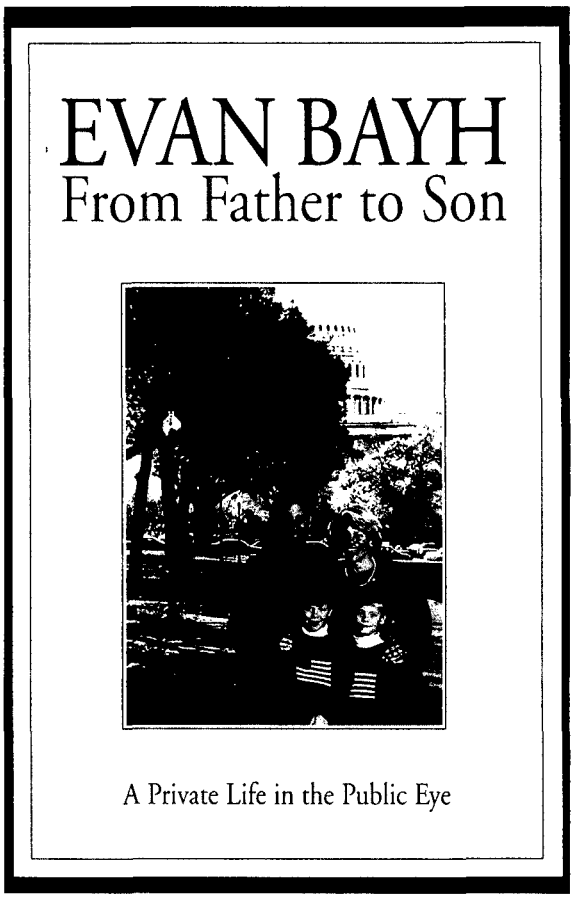
And ultimately, that's what the fatherhood movement is all about: trying to give every child in America the best chance of growing up to have a successful life. Whenever I need to remember that, all I have to do is think back to a visit I made to the Tolson Park Youth Center in Elkhart, Indiana. The youth center was located in a run-down, drug-infested area, but we'd provided a grant that allowed the neighborhood to clean up the building and turn it into a learning and recreation center.

The press was there the day I visited, and several cameramen were following me around the rec center when I came across two little girls in pigtails. They looked over at the cameras, and they looked at me, and then one of them said, "Sir, why do those people think you're so important?"

Leave it to an eleven-year-old to stump the governor.

"Well, sweetheart," I told her. "They think I'm important because I'm the governor of the state, but the truth of the matter is, you're the one who's important, because you're the reason I'm here."

That answer seemed to make sense to her, and it still makes good sense to me. ●



From the book: Father to Son: A Private Life in the Public Eye *by Evan Bayh • Copyright © 2003 • Guild Press • 169 pp. • $24.99.*

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Blast from the past

In a recent *Washington Post* article, I argued that Democrats gradually have been moving away from "McGovernism" and back toward the tough-minded internationalism of John F. Kennedy and Harry Truman. This provoked a spirited riposte from George McGovern himself—a blast from the past that sheds light on Democrats' present struggles to forge a unified and coherent stance on national security.

The episode also triggered a flashback to 1972, when I watched the Democratic presidential nominating race unfold through the hilariously twisted lens of gonzo journalist Hunter S. Thompson. I wound up casting my first presidential ballot, with scant enthusiasm, for McGovern. If impossibly idealistic, he was at least a decent and honorable man, and nothing could have induced me to back Tricky Dick and his crew of close-cropped henchpersons.

Yet there's no denying that McGovern's successful nomination bid signaled the party's takeover by the "New Politics" left, and that Democrats have been paying a stiff political price ever since. The schism over Vietnam was particularly damaging, as principled opposition to the war morphed all too easily into pacifism or worse—a rancid anti-Americanism that repelled key Democratic constituencies like white Southerners and blue-collar workers.

The public began to view Democrats as vaguely unpatriotic and weak on defense—perceptions that linger to this day and manifest themselves in huge Republican advantages on matters of national strength and resolve.

So the contretemps with McGovern is hardly a debate over ancient history. At a time when protecting Americans from external enemies is back at the center of our politics, where Democrats stand on war and peace could become the pivotal question of the 2004 presidential election.

McGovern protests that he's no isolationist, but that's not what I mean by McGovernism. The important divide among Democrats is between two versions of internationalism. One is the soft multilateralism of the activist left, which is leery of military force and seeks international consensus for its own sake. The other is the muscular internationalism of centrists who see American power as a liberalizing and progressive force in world affairs.

Hewing the former line, McGovern says, "An internationalist would also support the Kyoto Protocol on global warming, the International Criminal Court (ICC), the Anti-Ballistic Missile (ABM) Treaty, and an international ban on land mines."

Maybe, but the Kyoto treaty, which would force the United States to make unrealistically deep cuts in carbon emissions, couldn't even pass a Democratic Senate. Banning land mines sounds noble, but what if it leaves U.S. and South Korean forces more vulnerable to an attack by North Korea's mercurial regime? The 1972 ABM treaty became a strategic anachronism the day the Evil Empire collapsed and the nuclear arms race ended. The ICC is a closer call, but the point is that being an internationalist doesn't mean you're obliged to swallow pacts that put disproportionate burdens on America.

More important, McGovern's internationalist agenda avoids knotty questions of collective security. Who's going to keep the peace, stop ethnic cleansings and genocide, and confront rogue regimes bent on aggression and proliferation? To say the answer is the United Nations rather than the United States is to pose a phony choice, because the United Nations won't work without the leadership of the world's strongest power.

The party divide shows up in today's nomination contest. On one side are anti-war candidates Dennis Kucinich and Howard Dean, whose arguments echo those of Henry Wallace and George McGovern. On the other are Joe Lieberman, John Kerry, Dick Gephardt, and John Edwards, who, like Britain's Tony Blair, backed using force against Iraq on the condition that President Bush challenge the United Nations to do its job. While scathingly critical of Bush's botched Iraq diplomacy, once an impasse was reached in the U.N. Security Council, they did not flinch from going to war with a smaller coalition.

This enraged "peace activists," who passionately and sincerely believe they speak for most Democrats. They are passionately and sincerely wrong: McGovernism is a distinctly minority view in the party, held mainly by left-leaning activists who have disproportionate influence in caucus states like Iowa. Polls show that two-thirds of Democrats (and more than three-fourths of all Americans) approve of the second Persian Gulf War. And lest we forget, McGovern himself suffered the worst landslide defeat in U.S. history, carrying only Massachusetts and the District of Columbia and winning only 38 percent of the national vote against Richard Nixon.

To win next year, Democrats need to return to their real national security tradition—one that's tough enough to keep Americans safe and smart enough to build alliances and institutions that make the world safer for democracy. ◆

Will Marshall is president of the Progressive Policy Institute.

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Clinton's military legacy

President Bush owes a major debt of gratitude to his predecessor.

by **Steven J. Nider**

The United States has had two big demonstrations of American military power on George W. Bush's watch that have been spectacularly successful. The irony here is that Bush fought these wars with the military Bill Clinton bequeathed to him.

"A commander-in-chief leads the military built by those who came before him," then-vice presidential candidate Dick Cheney said during the 2000 campaign. "There is little that he or his defense secretary can do to improve the force they have to deploy. It is all the work of previous administrations. Decisions made today shape the force of tomorrow."

On this point he was certainly correct. Despite frequent Republican criticism during the 2000 presidential campaign of Clinton-era military deterioration, the force that was so successful in Afghanistan and Iraq—while continuing to perform a myriad of tasks around the world on a daily basis—was clearly quite capable. Republican assertions that the military was underfunded and overstretched and that readiness was poor were contradicted by those performances in Afghanistan and Iraq. Moreover, by Vice President Cheney's own standard, this force did not result from anything done by the current administration. The first Bush defense budget went into effect on Oct. 1, 2002, and none of the funds in that budget has yet had an impact on the quality of the men and women in the armed services, their readiness for combat, or the weapons they used to destroy Taliban or Iraqi forces.

As a presidential candidate, then-Gov. George W. Bush routinely declared that he wanted a new military shaped for a new world. In his frequently cited speech at the Citadel military academy in September 1999, he said:

As president, I will begin an immediate, comprehensive review of our military—the structure of its forces, the state of its strategy, the priorities of its procurement—conducted by a leadership team under the secretary of Defense. I will give the secretary a broad mandate—to challenge the status quo and envision a new architecture of American defense for decades to come. We will modernize some existing weapons and equipment, necessary for current tasks. But our relative peace allows us to do this selectively. The real goal is to move beyond marginal improvements—to replace existing programs with new technologies and strategies. To use this window of opportunity to skip a generation of technology. This will require spending more—and spending more wisely.

PRECISION BOMBS: The military relied on Joint Direct Attack Munitions (JDAMs) to demolish targets in Afghanistan and Iraq. Funding for the JDAM program began in President Clinton's first year in office.

This was a bold vision of the military that accurately expressed the need for major, ongoing change. Unfortunately, it has not been matched with sufficient vision and programmatic commitment by the Bush administration. The 2001 *Quadrennial Defense Review*, the comprehensive review promised by candidate Bush, fell substantially short of its stated objective. It did not articulate a sweeping new strategy, it did not call for any change in existing force structure, and it did not suggest any major redirection of investment in future systems. Moreover, until the events of Sept. 11, 2001, the Bush administration had not suggested any major increase in defense spending. In most respects, the review looked very much like what one might

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Military legacy

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have expected from the Clinton administration. Essentially, the only major change was the increased emphasis on missile defense.

The Bush administration had barely started to make its mark on defense policy before hostilities in Afghanistan began. In the spring of 2001, it requested and received a $5 billion supplemental appropriation for the 2001 defense budget, but that constituted less than 2 percent of defense spending for the year—mostly for pay raises—and went largely unnoticed before the war began. The most recent defense budget submitted to Congress by the Bush administration would increase defense spending significantly, but it fails once again to make tough choices and provide a necessary vision of leadership. While U.S. forces in Iraq were a model of what a transformed U.S. military should be, the Pentagon continues to invest in Cold War military hardware—fighter aircraft, destroyers, and other weapons designed to fight advanced Soviet military capabilities.

> "During the 1990s, the Pentagon invested more than $1 trillion on new weapons and information technology that gave U.S. forces such an unprecedented advantage in the last two U.S. military campaigns."

In fact, the Clinton administration actually spent more money on defense than the previous administration of President George H.W. Bush. The smaller outlays during the first Bush administration were developed and approved by then-Defense Secretary Cheney and then-Chairman of the Joint Chiefs of Staff Colin Powell. The Clinton administration did not coast on Reagan-era procurement funding. During the 1990s, the Pentagon invested more than $1 trillion in developing and procuring new weapons and information technology that gave U.S. forces such an unprecedented advantage in the last two U.S. military campaigns. But more significant than the budget increases was the shift that occurred in the mid-1990s. That shift involved much greater emphasis on precision weapons, sensors, robotics, advanced communications, training, readiness, and orienting the intelligence community toward direct support of military operations. It was that shift that produced the superb military that not only swept through Iraq at a rate that defied historical precedent, but used its awesome force with unprecedented precision and effect, unprecedented low collateral damage, and unprecedented low casualty rates. It was the American Revolution in Military Affairs begun in the Clinton administration that was unveiled in Bush's Operation Iraqi Freedom.

The combination of Joint Defense Attack Munitions (JDAMs) and unmanned aerial drones—both products of that shift—made it possible to find and destroy targets, including mobile targets, more precisely and quickly during Operation Enduring Freedom, the response to the Sept. 11 attacks, and in Operation Iraqi Freedom than in any previous war. As many as 70 percent of all munitions dropped on Iraq were the precision-guided munitions developed and built during the Clinton administration. Funding for the JDAM program began in 1993, Clinton's first year in office. The advanced, GPS-guided Tomahawk cruise missile, which proved far more accurate and reliable than the earlier cruise missiles used in Desert Storm under the first President Bush, was funded in 1999. Unmanned aerial vehicles like the Predator and Global Hawk, which enabled U.S. forces to use combat aircraft in close air support in unprecedented ways, also originated in the Clinton years.

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The Clinton administration also tried to maintain the quality of military personnel by increasing their pay, and it improved retirement and health benefits for military retirees. During his presidential campaign Bush charged that the Clinton administration had overburdened the U.S. military with too many deployments overseas, and he promised to pare those military obligations. "Resources are overstretched," he said. "Frustration is up, as families are separated and strained. Morale is down. Recruitment is more difficult. And many of our best people in the military are headed for civilian life."

Yet in the name of fighting terrorism, Bush is expanding the U.S. military presence overseas faster than Clinton ever dreamed of doing. U.S. forces are not only deployed in Iraq and Afghanistan, but the Bush administration has sent advisers and support to the Philippines, Indonesia, Kuwait, Djibouti, Qatar, Yemen, Georgia, and Uzbekistan. The extra $70 billion a year that the administration has pumped into the Pentagon has bought more smart bombs and bigger paychecks, but it has not brought about a significantly larger force. Despite our expanded global war on terrorism, only about 27,000 troops have been added to our 1.4 million active-duty force.

Even with these troop additions, the military is more overstretched now than it was when Bush took office. During the first three months of 2003, the United States had more than twice as many troops on overseas missions at any given time as it did in 2000. This has made it harder to recruit and keep the soldiers, sailors, and airmen we already have. Bush did not create military overstretch, but he did campaign on fixing it. Instead, it has gotten worse.

Bush and Defense Secretary Donald Rumsfeld deserve enormous credit for the military victory over Iraq. Clinton deserves to share in that credit. Despite Republican cries of a "hollow military," the Clinton administration left behind a highly capable force that served the nation well when an unpredicted threat emerged. How do we know? Cheney said so. ●

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A health care promise we can keep

The nation can afford to strike a new bargain with America's parents to make coverage affordable for kids.

by **Bruce Reed** *and* **Sarah Bianchi**

No one should be surprised that health care has leapt to the front of the nation's agenda. Health care costs are driving employers to cut back on benefits and stoking workers' fears of losing coverage altogether. Premiums are rising at double-digit rates, while states—which helped ease the health crunch in the 1990s—have been forced to cut back in ways that make today's health care crisis worse.

With every Democratic presidential primary season comes a spirited—and predictable—debate about how to cover more Americans. The storyline is easy to follow. At least one Democratic aspirant—Bob Kerrey in 1992, Bill Bradley in 2000, and now Dick Gephardt—stakes his campaign on a sweeping, expensive health care plan that he hopes will set Democrats' hearts aflutter. The details differ, but the rhetoric is always the same: "In the richest, most powerful country in the world it is wrong to have anybody without health insurance." This is always followed by initial praise for good intentions, then by massive sticker shock over the details.

Within weeks of its launch, the Gephardt plan went from being the toast of the opinion pages to the fattest target every other candidate could find. John Edwards called it a trillion dollar transfer from working people to corporations. Joe Lieberman denounced it as reminiscent of "big-spending Democratic ideas of the past."

Because it's not targeted at those who need help most, the Gephardt plan costs nearly $3 trillion. By the campaign's own numbers, the plan costs nearly $10,000 per year for each newly insured person. For a family of four, that's almost $40,000 a year, about the same as the family's likely income. At that price, we could put the family's first-born through medical school.

The trouble is, we don't have that kind of money. On the contrary, thanks to the Bush administration, we're trillions of dollars in the red, with a flagging economy, a never-ending war on terrorism to win, other urgent national priorities to address, and a horde of baby boomers who'll retire soon. Nor can we say with a straight face that we know where to find a few trillion if we just look hard enough. It's a pipe dream—and a bad idea—to suggest that we can pay the bill by raising taxes on the middle class.

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Democrats are right to pursue the goal of universal coverage. Americans who work hard and play by the rules ought to be able to get and keep health care coverage for themselves and their families. But after all the false starts and shattered hopes on this issue, it's more important than ever to start down a path we can afford to finish.

Insure children. Here's one step the nation can take right now to expand coverage. It's time to strike a new bargain with America's parents: We'll make it affordable to buy quality health coverage for kids—but in return, all parents will be responsible for making sure their children have it.

Under this plan, parents would have the freedom to choose the kind of health plan they want for their children. Most parents would get health coverage for their family at work. Low-income parents could also enroll their kids in Medicaid or the Children's Health Insurance Program, which offer comprehensive health care at a reasonable cost.

About 75 percent of uninsured kids are already eligible for Medicaid and CHIP right now, but are not signed up. We could also let parents with higher incomes buy into the program at a reasonable premium.

For parents who don't get affordable health care at work and don't want to join a public program, we could create a new option. A new child-only policy—backed by a new tax credit—would enable parents to buy the same health care that the children of members of Congress receive today. Congressional families get access to a range of quality health care plans; America's children deserve the same.

We should strike a new deal with the states as well. Instead of starving state governments, as the Bush administration has done, we should give them the additional resources they need to cover all kids.

At the same time, states must be better partners. That means ending policies that make it hard for parents to enroll their children for health coverage. No more application forms that even accountants couldn't follow; no more cutting kids off every few months to save money; and no more making parents take time off from work to stand in line to re-enroll. Every state should have to offer a simple, streamlined way for parents to sign their kids up for health care.

Parents have an important responsibility, too. This plan would give every parent a choice of affordable health care options, and expect them to cover their

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Bruce Reed is president of the Democratic Leadership Council and was President Clinton's domestic policy adviser. **Sarah Bianchi** is a senior policy analyst at the Democratic Leadership Council and a former domestic policy adviser to Vice President Al Gore.

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Health care promise

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kids in return. States could make coverage a requirement for parents to renew their drivers' licenses—or as David Kendall, Jeff Lemieux, and S. Robert Levine, M.D., proposed in the Winter 2001 BLUEPRINT, parents could lose the personal exemption for their children on their tax return if they refused to take responsibility to cover them.

Shared responsibility. The most important lesson we've learned from the last three decades is that social policy will succeed only if it is built on responsibility as well as opportunity. For too long, responsibility has been missing from the health care debate. Parents shouldn't rely on hospital emergency rooms as their child's only doctor. Leaving a child uninsured has real consequences for them and for everyone else. Uninsured children are less likely to be immunized, get checkups, or be treated for ear infections and asthma. Perhaps most troubling, they tend to fall behind in school.

Long ago, this country recognized our obligation to offer every child access to education, and parents' responsibility to ensure that their children make the most of it. Now we have a national responsibility to make sure that all our children have affordable health insurance. If we can prove that the principle of opportunity in return for responsibility works to cover every child, we can explore whether it will work to cover others as well.

Some Democrats love to believe in miracles. But the people we're trying to help aren't holding out for miracles from Washington. They just want to make progress in their daily lives.

Covering every child will not solve all of the nation's health care problems or help every American without health care. But it will make sure our children grow up healthy and strong. That's a promise every American can get behind. ◆

Declaring war on chronic illness

Health care providers need tools, technology, and the right incentives to provide patients state-of-the-art care.

by **David B. Kendall**

Medicare is a victim of its own success, and few people have recognized the problem. It's hard to see, because it's the result of slow, steady progress. The problem is simply that older Americans are living longer *with* diseases instead of dying from them.

Consider heart disease. At Medicare's inception in 1965, the most common evidence of heart disease was death from a heart attack. Today, millions of Americans survive heart attacks, thanks to Medicare coverage for breakthroughs like defibrillators, bypass operations, and beta blockers—drugs given in a hospital to relax the heart. But, as a result, they face a long-term struggle with chronic heart disease. Millions more find out from cholesterol screenings and other tests that they have a potential problem that can lead to a heart attack.

Unfortunately, Medicare has not kept pace with medical progress and the changing needs of patients. Four out of every five Medicare beneficiaries have a chronic illness. For the most part, Medicare pays for their care only when problems erupt and their illness is out of control. Medicare pays for heart surgeries, but not for the outpatient drugs that prevent them. It pays for the limb amputations of patients with diabetes, but not for the extra time doctors have to spend with their patients to help them manage the diabetes and prevent the infections that lead to amputations.

As a result, people with chronic illnesses are often adrift, and the quality of their care is unacceptable. According to medical research, half or more of people with diabetes, depression, and high blood pressure receive substandard care. Nine of every 10 people with clogged arteries continue to have high cholesterol, despite the fact that reducing cholesterol can cut death and disability rates in half.

A prescription drug benefit is crucial, because drugs are effective in treating chronic illnesses. But it's not enough. Patients don't gain the skills necessary to manage their illnesses from the typical five-minute conversation with a doctor. And doctors don't get paid for improving chronic illness care. In fact, they can lose money by making patients healthier, because they are paid mainly for tests and procedures on patients who are sick.

It is time to declare war on chronic illness and stop wasting lives and money. Patients with chronic illness need doctors and other health professionals who will take the time to help them control their illnesses. Health care providers need the tools, technology, and incentives to ensure that patients get state-of-the-art chronic care.

It's not just Medicare that needs to be fixed. The rest of the health care system treats chronic illnesses poorly, too. But Medicare is the logical place to start because it is the nation's biggest health care program, and Medicare patients suffer disproportionately from chronic illnesses.

An opportunity for Democrats. Republicans are convinced that privatizing Medicare is the answer. The ini-

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tial version of President Bush's Medicare proposal would have forced seniors to get a new drug benefit by leaving Medicare's public fee-for-service plan and enrolling in a private plan. The ensuing outcry over an outright privatization scheme forced the GOP to pursue a subtler privatization strategy. Republicans hope that *not* improving Medicare's public plan will cause its enrollment to dwindle, as it becomes ever more archaic. Neglect is just the latest version of letting Medicare's public program wither on the vine, which former House Speaker Newt Gingrich vowed in 1995 to do.

Privatization by itself, however, won't get the job done. The unfortunate and ironic fact is that private plans that improve care for chronic illnesses also shoot themselves in the foot because they attract the sickest, and thus most costly, patients with the promise of better chronic care. Of course, Medicare can and often does pay health plans more for sicker patients. But as long as Medicare's public plan provides low-quality care for chronic illnesses, private plans won't have an incentive to do much better.

Democrats have a chance to move the Medicare debate beyond a paralyzing ideological conflict. Public versus private is simply a debate over a means to an end. Better health and longer life is the real purpose. Democrats can demonstrate their commitment to this purpose by pursuing improvements in Medicare for patients in both public and private health plans.

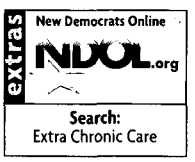
An Agenda for Fighting Chronic Illness. *1) Give doctors bigger payments and more flexibility to provide new services, such as exchanging email with their patients, and reward them for how much healthier their patients become.*

Imagine what a simple tool like email could mean to someone with a chronic illness. On average, seniors see seven different doctors during 15 office visits each year. Health care quality expert Dr. Don Berwick believes that 50 percent to 80 percent of these traditional office visits could be eliminated through less expensive, more convenient alternatives. They include email, group visits for patients with similar problems, patient support groups, and information made available on the Internet.

A pioneering physician in Portland, Ore., Chuck Kilo offers unlimited email and telephone contact, along with same-day appointments in an office without a waiting room. An annual fee of $300 also covers what Medicare does not: state-of-the-art chronic illness care. Kilo works closely with his patients and their other health professionals to develop a comprehensive treatment plan, monitor progress, and assess the results in a continuously improving process.

In a similar effort, the American Diabetes Association recognizes physicians who practice state-of-the-art care for people with diabetes and report their results for verification. Employers like General Electric have projected significant savings from this program. They have begun paying $75 to workers and retirees and $100 to doctors who enroll in it.

Ideally, every patient should be able to benefit from the comfort, convenience, and continuity that are part of high-quality care for chronic illness. At the very least, however, Medicare should help people with multiple chronic illnesses by paying doctors more when they offer new services like email and when they agree to be held to the highest standard of care.



2) Medicare's administrators should be accountable for improving the quality of health care in every community.

Outdated methods of paying for and regulating health care prevent good care for people with chronic illnesses. For example, patients whose chronic illnesses spin out of control often end up in a hospital or a nursing home. The funding streams for doctors, hospitals, and nursing homes are all separate, so potential downstream savings from better chronic illness care can't be spent up front.

One novel organization, Elderhealth in Baltimore, Md., combines the funding streams for the doctors and hospitals that care for the elderly poor. Elderhealth provides transportation to regular care in a clinic that takes care of all the health care needs of the patients. It has reduced hospitalizations by 61 percent and enabled many people to continue to live at home instead of in a nursing home.

Such innovation, unfortunately, is more accidental than deliberate, because Medicare's administrator, known as the Centers for Medicare and Medicaid Services (CMS), is bogged down by its two main mandates from Congress: Pay the bills and enforce the rules. CMS rarely finds the opportunity, incentive, or flexibility to be innovative.

Congress should enable CMS to become a proactive manager instead of a reactive regulator. It should enact the "CompStat" model, which helped New York City dramatically reduce violent crime rates, starting in the early 1990s. CompStat makes New York police precinct commanders responsible for reducing crime, as measured by local crime statistics. Similarly, Medicare should hold its local administrators responsible for improvements, based on performance data that is based on scientifically proven care that makes people healthier. (Similar data is already collected on private health plans.)

Congress should also give CMS flexibility with regulations to make improvements, as long as the administrator doesn't increase costs over a 10-year budget window. CMS could then pay providers more up front to improve care for chronic illnesses and save money over time. It could focus specifically on the patients with five or more chronic conditions, who account for more than two-thirds of Medicare's budget.

3) Patients with chronic illnesses need a prescription drug benefit that not only pays for costly drugs, but also ensures that they are prescribed safely.

Patients with multiple chronic conditions have the greatest prescription drug costs. Along with the poor, they

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Declaring war

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deserve to be the top priority for a new drug benefit. Legislation recently introduced by Rep. Cal Dooley (D-Calif.), based on a Progressive Policy Institute proposal, would do just that. It would cover all beneficiaries once their drug costs reach a high limit and provide comprehensive coverage for low-income beneficiaries through Medicaid.

As *The New York Times* editorial board has said: "If Congress does nothing else this year, it needs to help these people [the poor and patients with high drug costs] without forcing them to leave traditional Medicare."

Congress also needs to protect patients from harm. Older Americans with five or more chronic conditions each fill almost 50 prescriptions a year. They are the most likely to be among the tens of thousands of seniors who are killed or injured every year because they receive the wrong drug or dosage or a toxic combination of drugs. In some cases, patients unknowingly receive a generic version of a drug from one doctor and a brand-name version from another.

The solution here is to make better use of information technology, just as many other fields have used it to reduce costs and improve service. Patients should have control over their prescription drug records held by pharmacists and health plans, so they can readily give their doctors a current list of their medications and avoid unnecessary prescriptions. Patients and doctors could also use these computerized records for automated checks for potential problems.

By improving medical reimbursements for chronic illness care, by holding Medicare's managers accountable for quality and costs, and by deploying information technology, Democrats—members of the party that founded Medicare—will have fulfilled their historic responsibility to enable Medicare to meet the new challenge of chronic illness. ◆

Political science, Bush style

Scientific advisors must pass ideological litmus tests.

by **Brian Newkirk**

Dr. William Miller of the University of New Mexico is a renowned addictions researcher. No surprise, then, that in 2002 he was being considered by the Bush administration to serve on one of the National Institutes of Health's key expert panels—the National Advisory Council on Drug Abuse. The council is one of more than 250 expert committees that give policymakers critical scientific advice, affecting the nation's health and safety as well as billions of federal research dollars.

But Miller, the author of 25 books and more than 300 articles, was in for a shock. Shortly after his name was proposed, he received a call from an official at the Department of Health and Human Services. The caller was a screener assigned to vet Miller for his compatibility with Bush administration politics. The screener told Miller the administration favored his nomination because it thought he supported faith-based initiatives. Miller assured the caller that he did. Then he was asked if he favored drug legalization ("no") and needle exchange programs ("yes").

"You're two for three so far," said the interviewer, according to Miller.

The inquiry proceeded with questions unrelated to drug abuse issues—whether Miller opposed abortion ("no"), and whether he had voted for President Bush ("no"). Apparently some of his answers ruined Miller's batting average. He never heard from the administration again.

Miller's experience with political screening is but one of many reported in recent months by nominees to scientific

WEIRD SCIENCE: Research labs are hampered by President Bush's "deeply held religious beliefs."

panels. The questions on abortion and voting loyalty are part of a litany of litmus tests that can boot an otherwise highly regarded scientist out of advising the federal government on its critical science decisions. Other positions that have proved politically disqualifying are those regarding stem-cell research, ergonomic rules for the workplace, and the danger levels posed by environmental toxins.

It is no shock that the Bush White House has drawn ire from the scientific community. A president who can't bring himself to endorse evolution over creationism and who effectively banned therapeutic cloning based on his "deeply held [religious] beliefs," won't find many allies in a research lab. But by excluding experts whose advice it doesn't like, and by stacking advisory panels with dubiously qualified scientists, the adminis-

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ration has taken the president's own scientific notions a step further: It wants to avoid pesky facts and hard data that might undercut some of Bush's controversial policies.

Mounting anecdotal evidence in science journals and the popular press indicates that the president has systematically undermined advisory panels' objectivity. Perhaps the most egregious example of politically motivated and scientifically questionable panel-packing was the administration's rearrangement of the Food and Drug Administration's Reproductive Health Drugs Advisory Committee. This 12-member panel makes critical scientific recommendations on such contentious issues as hormone-replacement therapy for women and the RU-486 "morning after" pill.

Two Bush administration appointees to the panel are known for infusing scientific judgment with religious principles. Dr. Susan Crockett has co-authored a book chapter titled, "Using Hormone Contraceptives is a Decision Involving Science, Scripture, and Conscience." The book, *The Reproductive Revolution: A Christian Appraisal of Sexuality, Reproductive Technologies, and the Family*, was co-edited by Dr. W. David Hager, Bush's original nominee to chair the panel. A Kentucky obstetrician and gynecologist with a scant research record, Hager is famous for recommending Scripture readings for premenstrual syndrome, and for refusing contraceptives to unwed women. After public outcry, his consideration for chairman was dropped, but he still sits on the panel.

This same FDA panel now includes two Bush administration appointees with close ties to Wyeth, the drug company whose controversial hormonal supplement Prempro will probably be among the panel's first review topics.

Another panel, at the Centers for Disease Control and Prevention, was politically decimated after Bush took office. Charged with assessing the effects of environmental chemicals on humans, the advisory committee to the director of the National Center for Environmental Health had 15 of its 18 members replaced without explanation. In many cases, the new appointees had strong ties to the industries that produced the chemicals being studied, including the California scientist who worked for Pacific Gas and Electric Co. in its famous battle with anti-pollution reformer Erin Brockovich. The respected magazine, *Science*, called such moves "an epidemic of politics."

Other examples abound. Dr. William Banner Jr., a physician with poor research credentials who has never published studies on lead poisoning in children, was appointed to the advisory committee that helps set safety standards for lead in children's blood. Banner was until recently retained as an expert witness by the Lead Industries Association. He has testified that blood levels seven to 10 times higher than current CDC standards are harmless, and that, despite extensive evidence to the contrary, there is no link between lead exposure and brain damage in children. Elsewhere, Dr. Jonathan Moreno, director of the University of Virginia's Center for Biomedical Ethics, resigned from an HHS human research protections panel after learning that all patient advocates had been dropped in favor of scientists from research corporations.

In addition, a respected nominee to a narrowly focused peer-review panel (called "study section") of the Advisory Committee on Occupational Safety and Health was rejected after the administration became aware that she supported a workplace ergonomics standard. The nominee, University of Massachusetts professor Laura Purnett, wrote that she had been subjected to "an ideological litmus test" by members of the Bush administration.

In an open letter to the scientific community, the panel's chair, University of North Carolina professor Dana Loomis, wrote: "The level of political interference with study sections is a troubling precedent."

The length to which the administration has gone to politically influence advisory committees is striking; it even extends to the president's political rivalries. William E. Howard III, an engineer from McLean, Va., was told that his nomination to the Army Science Board was rejected because it was discovered that he donated $1,000 to Sen. John McCain's failed presidential run. As dubious a reason as this might be for exclusion from a scientific panel, it also happened not to be true; it was a case of mistaken identity. When Dr. Howard checked a campaign donations Web site, he found $1,000 in donations attributed to a person named William S. Howard, of nearby Fairfax, Va. His attempts to have his nomination reinstated were rebuffed because the board "didn't want to upset the ... White House liaison office," he wrote in *Science.*

Orwellian strategy. Clearly the Bush administration's well-known partisan approach to governing has spilled over into the previously protected world of science. Some critics see the panel-packing as an attempt to "prevent the 'wrong' research from getting done in the first place," as one academic told *The Wall Street Journal.* This conjures up an Orwellian strategy of political control by strangling research. It explains the apparent solution cooked up by Bush's political "mad scientists." They seem bent on removing the nucleus of objective scientific advice from the federal government, then excising the genes for impartiality, expertise, and scientific credibility, and finally replacing them with cloned copies of the president's religious ideals and political fealties. The dangerous result looks just like the old objective science, but sounds like Karl Rove and Pat Robertson. Call it "political science," a risky new approach to governance that undermines both public policy and science itself.

What's striking about this gambit is its boldness. Since the emergence of managerial government after World War II—with professional policymakers focused on making good, empirically based policy—scientific advice has been a haven of apolitical objectivity, where recommendations flow from data, evidence, and eminent experts. Indeed, the impar-

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Political science

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tiality of the advisory process is written into law. The 1972 Federal Advisory Committee Act mandates that advisory bodies be immune from "[inappropriate influence] by the appointing authority or by any special interest" and "balanced in terms of points of view." But the Bush administration wants to go backward to a pre-New Deal governing system, not just in its embrace of that era's social and economic policies, but in its rejection of objective science advice.

While administrations and scientists have butted heads in the past, no president has gone so far as to expel eminent scientists from advisory panels and hand-pick loyalists to replace them. No administration has made such efforts to screen candidates for political allegiance and to influence the peer review process. And none has dared do what the Bush White House has done: demote the presidential science adviser and remove him from White House policy councils. John Marburger, director of the Office of Science and Technology Policy and presidential science adviser, was denied the traditional rank of assistant to the president, effectively taking him out of the inner policymaking circle. The White House also eliminated Marburger's seats on the Domestic Policy Council and the National Security Council.

Health and Human Services spokesman William Pierce has defended the president's privilege to hear preferentially from experts in tune with his ideals. Pierce has denied the use of ideological litmus tests in selecting commission members, stating, "It's always a matter of qualifications, first and foremost." He has also claimed that these administration efforts aim at striking balance on the panels. But the evidence suggests otherwise. Organizations from the American Public Health Association to *Science* magazine have complained that many panels are now weighted to favor the president's agenda over true scientific deliberation.

Government misinformation. Panel-stacking for political purposes is not the scientific community's only complaint. Red flags have popped up all over the media about the agenda-driven manipulation of science-based information on government websites. Critics point out that officials have furtively changed the wording on certain government websites to advance the president's pro-life, abstinence-only beliefs.

Until June 2002, for instance, a CDC webpage read: "Studies of specific sex education programs have shown that H.I.V. education and sex education that included condom information either had no effect upon the initiation of intercourse or resulted in delayed onset of intercourse." This line did not support the president's abstinence-only agenda, and, as reported by *The New York Times*, it was removed. Likewise, the National Cancer Institute website altered its analysis of studies linking abortion and breast cancer. The site's statement, based on the most recent and comprehensive studies, concluded that there is "no association between abortion and breast cancer." That was changed to: "Some studies have reported statistically significant evidence of an increased risk of breast cancer in women who have had abortions, while others have merely suggested an increased risk. Other studies have found no increase in risk among women who had an interrupted pregnancy." This statement did not convey the best science on the topic, but it certainly conformed to an anti-abortion political agenda. After considerable outcry in the media, an independent panel denounced the changes in March 2003, and a new fact sheet was posted. It read, "having an abortion ... does n increase a woman's subsequent risk developing breast cancer."

When the controversial statemen were originally removed from the we site, administration officials maintain that they were being re-evaluated in lig of new scientific evidence. Howeve no new studies on abortion and brea cancer had emerged to challenge the o webpage's conclusion, and no new ev dence existed to call for the subseque revision. Information on the relatio ship between condom education an teen sexual activity had not, by Marc 2003, been replaced.

By manipulating these areas of sc entific advice, the Bush administratio has bowed to its party's corporate patro and religious right wing. Such polit cization of science advice feeds misi formation to both lawmakers and th public, casts political ideology as deli erative science, and costs science i authoritative objectivity and credibilit "To stack peer-review panels based o political preferences rather than scie tific competency is doing everyone a di service," notes Anthony Mazzaschi, a assistant vice president of the Associa tion of American Medical Colleges.

> By manipulating these areas of scientific advice, the Bush administration has bowed to its party's corporate patrons and religious right wing.

What to do? Ultimately, nothing ca prevent the administration from writin policies based on ideology over evidenc However, Congress *can* de-politicize sc ence and restore its proper role i policymaking by examining the admi istration's attitudes toward advisory com mittees and possible violations of th Federal Advisory Committee Ac Congress should also reform the proce by which experts are selected for scienc commissions to prevent future abuse Further, Congress can restore funding t its own Office of Technology Assessmen which provided an in-house source o objective scientific and technical ana ysis until it was de-funded in 1995. Wit these changes, Bush's chimerical poli ical science can be resisted, and what wa once objective and fact-based expert sc entific advice can again be heard in Wash ington. ●

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Getting radical with spam

The spam menace is worse than ever—and strong steps are needed to end it.

by **Shane Ham**

If any members of Congress thought that the problem of junk email, or "spam," would take care of itself, Ronald Scelson may have changed their minds. A self-described spammer who sends "close to 180 million emails out every 12 hours," Scelson offered defiant testimony before the Senate Commerce Committee last May. He railed against Internet service providers that use electronic filters to keep his spam from reaching the inboxes of frustrated email users. He bragged about forging return addresses and other techniques to defeat the filters. He threatened to move his operations overseas if Congress passes a law to dam his flood of advertising email. And he made it clear that he thinks spam is as American as apple pie: "[Filtering] is censorship. I was brought up and fought for this and still fight for this because I believe in freedom."

When spammers exhibit this kind of attitude, it's no wonder that vast majorities of Internet users consider spam to be a serious problem that demands federal legislation. Like electronic cholesterol, this unwanted email clogs the machinery of Internet service providers and requires an army of expensive technicians to develop sophisticated filters that let the good email through and keep the bad email out. This has become a spiraling arms race, as the spammers become more sophisticated in their efforts to slip through the filters. Many observers fear this escalating war could drive some users off email altogether.

Though more than half the states have passed some sort of anti-spam legislation in the face of congressional inaction—Virginia even made spamming a felony under certain conditions—jurisdictional issues and poor enforcement have rendered the laws largely ineffective, as Scelson's scofflaw bragging before the Senate shows.

There is no question that spam is growing out of control. Statistics vary, depending on how spam is measured, but all the players agree that in recent months

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NOT FAR FROM THE TRUTH? Though they're not hiding in caves, many spammers have no qualms about using criminal tactics—hijacking email accounts, flooding servers, scamming customers—to make a buck.

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Spam

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spam has reached a tipping point: More spam emails are now sent across the Internet every day than "real" emails. Yet despite years of warnings about the problem, Congress has repeatedly failed to reach a consensus on anti-spam legislation—even though spam clearly needs a nationwide solution. Previous efforts to pass a federal anti-spam law have fallen victim to active opposition by the spam industry, passive opposition by technology companies, and utter silence from the Bush administration.

But with the problem clearly out of hand, even long-time opponents of spam legislation, such as the Direct Marketing Association, are asking Congress to do something. Unfortunately, several years of negligence have created a new problem: The old solutions to spam no longer work. For example, one favored spam-control idea is to require all unsolicited commercial email to contain instructions on how to stop future mailings. This is usually an "included opt-out" message that may say: "Click here to be removed from our mailing list." However, unscrupulous spammers long ago realized that anyone who clicks an opt-out link must regularly check that particular address, which makes it very valuable. Since spammers had no rules to stop them, they would "honor" the request to be removed from a list by selling the address to other spammers. Savvy email users now know that clicking an opt-out link will result in more spam, not less. Mandating an opt-out link at this stage of the spam war would be counterproductive.

Reducing spam today will require more radical legislation than even one year ago, but it can be done. As it develops a new law, Congress should include, at a minimum, the following provisions:

1. Impose criminal penalties for falsifying header information. Header information is simply the information in the "From:" line and routing data that indicates where an email originated. Spammers tend to falsify this information so their email cannot be easily traced back to them. Criminalizing this act—along with setting penalties for creating software that automatically falsifies header information—is the primary provision of most state laws. However, simply requiring an accurate return address is not enough; it is too easy for spammers to change addresses. What is needed are tools to empower users and ISPs to stem the flow of spam for themselves.

2. Require a standard identifying label such as "ADV" in the subject line of all unsolicited commercial email. This idea was once considered far too controversial to pass. Now, several proposals, including bills introduced by Sen. Mark Dayton (D-Minn.) and Rep. Zoe Lofgren (D-Calif.) call for just such labeling, and for good reason: It is perhaps the most important weapon in the fight against spam. By requiring a standard label—not just a notice that the message is spam, but a single standard identifier—both email users and Internet service providers can easily configure filtering software to reject spam. Spam with adult content—from porn to cigarette ads—should be required to carry an additional standardized label (e.g., "ADLT") indicating that the message inside is not appropriate for viewing by children. Because spam, like junk faxes, shifts costs onto the recipient, it is only appropriate that spammers be required to make filtering as simple and inexpensive as possible. Given changes in technology that avoid automated filters, standard labels are not a silver bullet, but they will go a long way toward solving the problem.

3. Create a "universal opt-out" by giving the Federal Trade Commission resources to create a "Do Not Spam" list. The Federal Trade Commission is moving ahead with a national "Do Not Call" list to shield consumers from telemarketing phone calls into their homes. That experience will make it easier to create a similar list for spam protection. Email users will be able to opt out of *all* spam just once, instead of the dozens of times per day that new spam lands in their inboxes. Spammers would be required to check their recipient lis against the FTC list to remove ar addresses that have requested not to recei unsolicited email. Failure to do so shou result in criminal penalties at least as seve as the false header penalties.

4. Pre-empt state laws regulatir spam. Because state legislatures have bee forced by congressional dalliance to a on their own, the nation is now burdene with a patchwork quilt of spam regul tion. This should all be superseded b a federal law that creates a single set rules nationwide.

5. Congress should work with oth countries to establish a unified strateg for dealing with the spam problem. Mar critics of spam legislation contend inco rectly that it will be ineffective, becau spammers will just move out of th United States and spam from oversea Though simply using offshore ema servers will not be sufficient for U.S spammers to avoid complying with th law, it is true that spam originating ove seas will represent a larger portion of th problem as federal laws reduce th amount of homegrown spam. Efforts a under way in many countries to deal wit the spam problem, but it will take coo dination to ensure that we are no flooded with spam from overseas and—just as important—that other countri that act to curtail spam aren't floode with spam from the United State Congress should call on the FTC to wor closely with other nations to develop unified spam strategy.

Of course, even a strong spam law wi not completely eliminate the spam nu sance, any more than speed limits elim inate fast driving. But the fact that som violators will break the law does not mea that the law should not exis These proposals will make dent in the spam problem strong enforcement by feder agencies and state attorney general will also help. The tim for action is long past; if Congress doesn act on the spam problem immediatel it will be an accomplice in the spammer worst crime of all: killing off email as w know it. ◆

extras New Democrats Online NDOL.org Search: Extra Spam

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Whine not

We didn't much trust outsiders in the far woods of Idaho where I grew up. We were ahead of our time: Idahoans were putting up billboards that said "Get Us Out of the United Nations" before Condi Rice was old enough to find Iraq on a map.

So I can remember getting pretty steamed at Jimmy Carter back in the summer of 1980, when he made all the young men in my generation register for the draft. The hostage crisis and the Soviet invasion of Afghanistan had brought the Carter presidency to its knees, and I cynically assumed that Carter was asking us to sign up for his own, not the country's, benefit. We registered, but like true children of the '70s, we whined a lot about it.

Since 9/11, I've been thinking about that summer—how finite the threats we faced then seem now, how relieved I would be if my son's greatest worry when he turns 18 were a trip to the post office to give the government his name. I would never wish the '70s on anybody. But, in retrospect, we had no idea how easy our lives were, compared with young people before us and, perhaps, since.

I was wrong back then to think registration went too far. Now I have come to think it doesn't go far enough. The world changed on 9/11, and America must change with it. We should find a way to ask every young American to serve.

National service is one of the great success stories of the New Democratic movement. Twice as many students have served in the AmeriCorps started by President Clinton as in the Peace Corps in its 42-year history. Sens. John McCain (R-Ariz.) and Evan Bayh (D-Ind.) have proposed expanding AmeriCorps five times over. After 9/11, even President Bush reluctantly agreed to support the Clinton program.

Unfortunately, instead of making service a national crusade, Bush went back to challenging the citizenry to fly, spend their tax cuts, and spy on their neighbors. The White House rained fire on any Republican who dared to oppose the Bush tax plan, but House conservatives have buried his service bill without a peep of presidential protest. In a perfect parable of compassionate conservatism, AmeriCorps became so strapped for money that, for a time, the administration actually had to put a moratorium on service.

The truth is, even a dramatic expansion in AmeriCorps may not be enough. At five times its current size, AmeriCorps would still involve only about 6 percent of the four million young Americans who turn 22 every year. To have a seismic impact on American life, service can't just be another career option—it needs to be a common experience that everyone shares.

Throughout our history, great leaders have understood what it takes to restore faith in America's destiny. It is hard to imagine a more powerful and patriotic idea than to ask every citizen to give something back. Israel, Germany, Switzerland, and other countries have required service for years. The French stopped their program a few years ago—and look what happened to them!

The only way to achieve universal service in a country as vast as ours is to make it simple and flexible. As Paul Glastris and Charles Moskos have argued in *The Washington Monthly*, we should embrace Americans' love for choice as a central element of universal service, rather than as an excuse not to ask in the first place.

Here's a plan the country could afford that even young people as over-privileged as my generation could stomach: Require every young American to give three months of service between the ages of 18 and 25. Give them a range of choices on where to serve (civil defense, basic training, community service) and how to put in their time (full time for a summer, two nights a week for a year, a weekend a month for two years). Provide a modest educational benefit of $2,000. Run the program at the state and local level, with federal funding. Phase it in over five years to get it right and keep costs down.

At $4,000 per person ($2,000 for scholarships and $2,000 for administrative costs), such a plan would cost $16 billion a year when fully phased in. That's less than the amount we've committed to spend per year on Iraq. If it's worth that much to rebuild Iraq, surely it's worth that much to rebuild the American character.

Bush is determined not to repeat his father's great mistake of failing to offer a domestic agenda to build on his Gulf War victory. But in squandering a historic chance to transform America in the wake of 9/11, Bush may already have shown that same tragic flaw.

John and Robert Kennedy and Bill Clinton, the most successful Democrats in half a century, understood that challenges matter more than promises. Americans know we believe in government. Asking more of citizens will prove we believe in them. ●

Bruce Reed is president of the Democratic Leadership Council and was President Clinton's domestic policy adviser.

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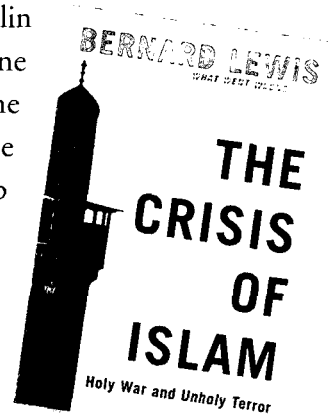
The sources of Islamic terror

by **Fred Siegel** When the Grand Mufti of Jerusalem went to Berlin in 1933 to try to create a Palestinian-Nazi alliance, it was but one example of the Arab affinity for the totalitarian ideologies of the 20th century. It was also an example of an enduring irony. In the name of restoring the purity, and hence the greatness, of the Arab and Islamic world, its radical thinkers have often drawn on alien, that is, Western, sources.

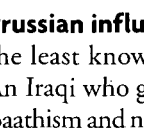


THE CRISIS OF ISLAM: Holy War and Unholy Terror
by Bernard Lewis • Modern Library • 184 pp. • $19.95

This irony can be traced back to Napoleon's conquest of Egypt in 1798. During the recent war with Iraq, only a handful of people woke up thinking to themselves: This is the world that was created by Napoleon's victories in Germany and Egypt. But that handful would have been right. Three new books with overlapping arguments, all well-written and well worth reading, analyze the combustible mixture created when the Arab and Islamic response to European conquest was defined in terms of the German mania for social and cultural purity that fed into Nazism.

The sources of Arab resentment are clear enough. Napoleon's largely effortless conquest of Ottoman-ruled Egypt was, like the recent defeat in Iraq, an enormous shock to the Islamic world's sense of superiority. Looking for consolation, explains the formidable Bernard Lewis in *The Crisis of Islam: Holy War and Unholy Terror,* Arab intellectuals found succor in the writings of the German romantics, such as Johann Fichte. Fichte and his heirs responded to Napoleon's conquest of Germany, which was then divided like today's Arab world, with a theory that made the best of a bad situation. In the long run, Fichte insisted, the power, purity, and authenticity of the German culture and language would triumph over the shallow rationalism of France's artificial civilization.

TERROR AND LIBERALISM
by Paul Berman • Norton • 214 pp. • $21



Satia al-Husri, one of the intellectual fathers of Saddam Hussein's Baath party, wrote that "we can say that the system to which we should direct our hopes and aspirations is a fascist system," with its sense of "solidarity, obedience, and sacrifice." His ideas, Paul Berman notes in his powerful book, drew directly on Fichte and the romantics' ideas about cultural authenticity, "national destiny and race." It was a theme that was echoed in many of Saddam's speeches when he ranted about how "the Americans have not yet established a civilization, in the deep and comprehensive sense we Arabs give to civilization. What they have established is a metropolis of force."

Prussian influence. Adeed Dawisha is the least known of the three authors. An Iraqi who grew up in the heyday of Baathism and now teaches at Miami University in Ohio, he has a record of prescience. Speaking in advance of the recent war, he predicted that there would be massive defections from not only the regular army but the Republican Guard so that the only people who would hold out were those who will "fight the Americans because if they don't die at the hand of the Americans, they'll die at the hand of the Iraqi people." Dawisha describes the powerful impact the Prussian unification of Germany had on Arab thinking. One of Husri's disciples, a man who designed the Iraqi school curriculum in the 1930s, spoke glowingly of the German example. "Prussia 60 years ago used to dream about uniting the German people. What is to prevent Iraq from dreaming about uniting the Arab lands?"

Husri, says Dawisha, was influenced by the German historian Heinrich von Treistchke's argument that individual liberty and freedom were merely insignificant abstractions compared with the concrete need to create a unified and powerful pan-German state. Referring to German speakers who resisted unification, Treitschke, echoing Marx's notion of false consciousness, insisted "even against their will" we must "restore them to themselves." Husri echoed these sentiments when he insisted on Arab power "above all, even above and before freedom."

The pan-Arab nationalists shared their hostility to liberal ideas about freedom with the intellectual father of al Qaeda, the Egyptian Islamist Sayeed Qutb. Berman describes al Qaeda and the Baathists as "ideological cousins," but they might better be called rivals in a common anti-liberal cause. Like the German romantics, the Islamists saw the

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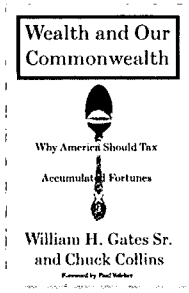
world as a struggle between their authentic spirituality and the artificialities of Western reason and materialism. Like the Baathists, the Islamists wanted to purge the Arab and Islamic world of the contaminations of Western secularism and liberalism. In his most important book, "Milestones," Qutb, who had lived in the United States, talked of his personal struggle in fighting the liberal "cultural influences that had penetrated my mind, in spite of my Islamic attitudes and inclination."

Qutb had much in common with that other radical Islamist, Ayatollah Khomeini of Iran. Like Khomeini, Qutb compared America to Satan, who, in the Koran, is not so much devil as a seductress, "an insidious tempter who whispers in the hearts of men." What both Qutb and Khomeini feared above all was the separation of life into sacred and secular spheres. Islam, they insisted, was a totality. Qutb "wanted Muslims to remember that in Islam, the divine is everything, or it is not divine."

Open chapter. This may sound sufficient to serve as a warrant for totalitarianism. But, Lewis points out, "At no point do the basic texts of Islam enjoin terrorism and murder." The modern intellectual and political roots of Islamic terror, all three authors suggest, lie in the 19th century German revolt against reason. Dawisha, for instance, points to Abd al-Rahman Azzam, who became the first secretary of the Arab League in 1945. Azzam drew deeply on the poisons of German racism. "History," insisted Azzam, "does not write in lines, except with blood. Glory does not build its lofty edifices, except with skulls. Honor and respect cannot be established, except on a foundation of cripples and corpses." Men like Azzam lead Berman to argue, with considerable justice, that the war on terror doesn't just resemble the earlier wars against fascist and communist totalitarianism, but rather, is essentially a continuation of it. "This is not exotic," writes Berman, referring to the way radical Muslims copied the death cults associated with Mussolini and Franco's Spanish fascists,

Spreading the wealth—to the rich

by **Robert J. Shapiro** || It's hard to know just when Republicans became the party of economic redistribution, but a fair candidate is the moment when the GOP president and Senate majority joined the right-wing crusade to abolish estate taxes. In their new book, William H. Gates Sr., father of the world's richest person, and Chuck Collins, an economic reform activist, take aim at this audacious redistributive policy. They present compelling evidence that the repeal of the estate tax will serve no purpose other than to increase the concentration of wealth. While most of the book focuses on their evidence, their real target goes far beyond it, arguing that even *with* an estate tax, "our democracy is now at risk because of the enormous power of accumulated wealth."



WEALTH AND OUR COMMONWEALTH: Why America Should Tax Accumulated Fortunes
by William H. Gates Sr. and Chuck Collins • Beacon Press • 140 pp. • $25

In a country founded on the rejection of hereditary economic and political privilege, great concentrations of wealth passing from generation to generation seems almost un-American. As Gates and Collins chronicle, estate taxes were a hoary American tradition even when wealth was much less concentrated. In the 19th century, the federal government depended on tariffs and excise taxes for most of its revenues, but when military conflicts periodically required additional cash, Congress

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ARAB NATIONALISM IN THE TWENTIETH CENTURY: From Triumph to Despair
by Adeed Dawisha • Princeton University Press • 340 pp. • $24.95

"this is the terrible thing that got under way more than 80 years ago."

After the fall of the Soviet Union, Francis Fukayama on the right and Eric Hobsbawm on the left argued that the totalitarian chapter in history had been closed. They were mistaken. Closing that bloody chapter depends in considerable measure on what happens in Iraq. The future of the Middle East, argues Dawisha in the May/June 2003 issue of *Foreign Affairs,* depends on establishing something in Iraq better than "a more agreeable dictatorship or a successor regime that promises nothing beyond greater cooperation with Washington." Bernard Lewis thinks something better can be created. There are many in Iraq who feel betrayed by the strong support Saddam received from the Mufti's heirs in the Arab and Muslim worlds. That sense of disillusion with the old ideologies could be the opening for reform. In the past, Iraq has shown that it has the ability to assimilate Western ideas, albeit the wrong ones. Nonetheless, that capacity could pave the way for a distinctly Iraqi nationalism leavened by Western liberalism. ◆

Fred Siegel is culture editor of BLUEPRINT.

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Spreading the wealth

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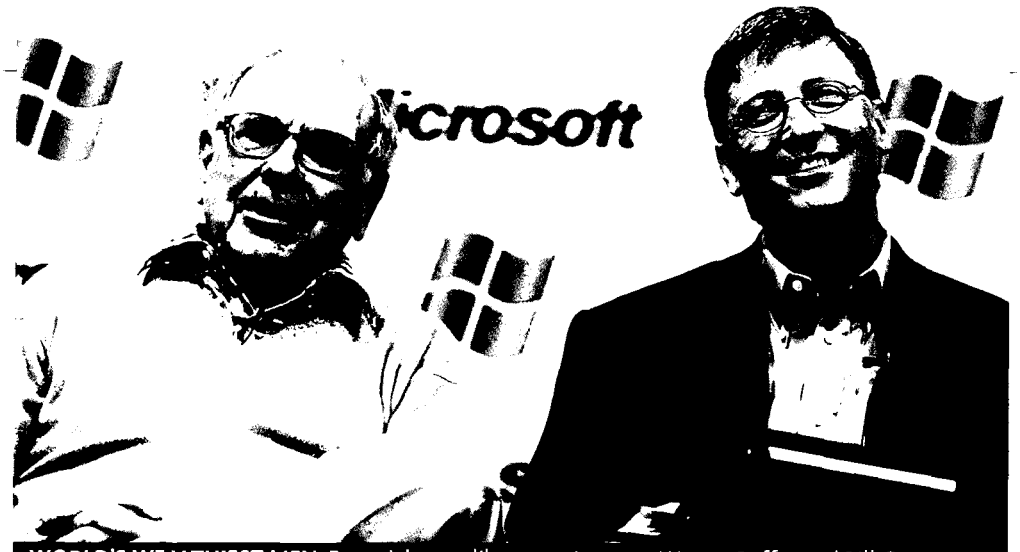

WORLD'S WEALTHIEST MEN: Even rich guys like taxes. Investor Warren Buffet and Bill Gates Jr., son of the book's author, have argued for keeping the estate tax.

turned to temporary estate taxes—as early as 1797 to defend U.S. shipping against French marauders, during the Civil War, and again during the Spanish-American War. The impetus for a permanent estate tax arose in the Gilded Age, when America for the first time produced large fortunes on a national scale. Between 1870 and 1915, 42 states enacted inheritance taxes at the behest of agrarian populists, urban progressives, labor reformists, and the social gospel movement. World War I brought about a permanent federal estate tax that remained the law when peace returned. By the 1930s, the estate tax was a significant source of federal revenue. It was defended fiercely by the likes of Justice Louis Brandeis, who said, "We can have concentrated wealth in the hands of a few or we can have democracy, but we cannot have both."

> "There is not one documented instance, for example, of anyone selling a family farm to pay estate taxes, and heirs to small businesses receive large additional exemptions and have many years to pay their estate tax."

Concentrated wealth. Gates and Collins believe that America, perhaps without realizing it, has already opted for wealth over democracy: "The practices of government, administration and law writing have been molded by the money power of the few, against the interests of the many." They're certainly correct that wealth and incomes are more highly concentrated in the United States than anywhere else in the advanced world. As recently as 1976, the top 1 percent of Americans owned less than 20 percent of the nation's wealth; today, the richest 1 percent own 38 percent of the country, including more than half of all financial assets.

One reason is that large corporations have adopted a "winner-takes-nearly-all" approach to compensating their top executives, who now receive about 500 times as much as their average employee—most of it in financial assets. Another is that, for a generation, Congress has steadily reduced taxes on capital income, most of which flows to the wealthy, while increasing the burden on the labor income that everyone else lives on. And a third reason is the light hand of the *current* estate tax, which affects only the top 2 percent of estates and draws more than half of its revenues from the top one-fifth of 1 percent. Even so, nearly one-third of the Forbes 400 richest Americans inherited their positions on the list, and another one-third were heirs to businesses that grew sufficiently to land them on the list.

Strict estate taxes, along with progressive income tax rates, are a market-based society's defense against such concentrations of wealth. These defenses clearly have already eroded. If the president gets his way—if he ends the personal tax on dividends while repealing estate taxes and further cutting the top income-tax rate—there will be virtually no publicly imposed limits on how concentrated wealth can become.

This result is unjust as well as imprudent, and Gates and Collins are at their best exposing the rank distortions that advocates of repeal have put out. There is not *one* documented instance, for example, of anyone selling a family farm to pay estate taxes, and heirs to small businesses receive large additional exemptions and have many years to pay their estate tax. Then there's the preposterous claim that estate taxes are illegal "takings," because people get rich entirely on their own. The truth is, Americans who become rich, and the rich who become richer, depend even more than everyone else on all the public investments in education, infrastructure, health care, defense, and so on, that a well-functioning market economy needs. If you doubt it, ask the Hilton or Pritzker family how much their personal wealth depends on the success of the war on terrorism, or, for that matter, the literacy of their employees, for which the rest of us are paying.

Gates and Collins also remind us that in the end, growing inequality can make a market economy less efficient, because societies where wealth is highly concentrated tend to cut back on public investment. And that's just where the Bush administration is headed: As we see in the president's latest budget, the proposed tax cut is financed by direct cuts in education and health care and will create huge long-term deficits that will force future reductions in public investment. That's class warfare of a nasty sort.

Those deficits also will reduce private investment whenever economic growth

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eturns and, in the end, lead to higher axes from some other source. And when hat happens, the economy will suffer hore. As Paul Volcker notes in his fore-vard to *Wealth and Commonwealth*, it hakes no sense—"I still don't get it," he ays—to repeal an estate tax that has few istorting effects and later replace the evenues with other taxes that have much reater adverse effects. Nor does estate-ax repeal have any basis in social policy, ecause experience suggests that, like velfare, concentrated wealth tends to reate generations of dependency.

ocial corruption. What could be the xplanation for this approach? Part of may be misplaced self-interest: ccording to some surveys, as many as ne-fifth of Americans think they're in he top 1 percent or 2 percent of incomes, nd another fifth expect to make it there ome day.

But Gates and Collins argue—and it ooks right to me—that most of the nswer lies in the social corruption that ustice Brandeis warned of, transmitted hrough campaign financing. No pres-dent or member of Congress makes olicy because someone contributes a ew thousand dollars. But raise $100 mil-on for a presidential primary campaign nd billions for congressional races, and ubsequent policy will probably serve the nterests of the group that contributes ost of it. So, when wealthy people pro-ide the lion's share of the funds that help president and Congress gain office, on't be surprised by "a government pri-narily concerned with writing rules and dministering regulations to serve the nterest of its paying patrons."

Gates and Collins prove their case for state taxes. Their larger brief, that under-eath all of our apparent political com-petition we've become a kind of popular ligarchy, will require another and bigger ook. ◆

Robert J. Shapiro, an undersecretary of ommerce in the Clinton administration, is a enior fellow of the Progressive Policy Institute. e is also managing director of Sonecon, a onsulting and investment banking firm.

Two cheers for democracy

by **Kevin Croke** || Is there any such thing as too much democracy? Most students of politics would say no. But one analyst, Fareed Zakaria, writes otherwise, citing a crucial difference between liberal democracy and illiberal democracy. And the distinction may make a critical difference in the kinds of policies the United States should follow in the world, he argues.

Zakaria notes that the American form of government is *liberal* democracy, and liberalism—basic rights, limits on government, fair courts, and separation of powers—is ultimately more important than democracy. But because Americans don't usually realize this, they make mistakes when they try to bring democracy to other nations—such as Iraq today.

THE FUTURE OF FREEDOM: Illiberal Democracy at Home and Abroad
by Fareed Zakaria • W.W. Norton • 256 pp. • $24.95

The bad news is that an increasing percentage of democratizing nations are drifting into *illiberal* democracy. Their leaders are chosen in reasonably fair elections, but once elected, these rulers seize as much power as they can, stifle dissent, and trample citizens' rights. Slobodan Milosevic won elections and was broadly popular in Serbia, but he ran a cruelly illiberal state. Illiberal democracies can also be found in Venezuela, Ghana, Peru, Indonesia, Belarus, Ukraine, most of Central Asia, the Palestinian territories, and Russia.

But, looking to history, Zakaria sees a hybrid solution to this Manichean mess. He calls it liberal autocracy. Such regimes have leaders who are un-elected but nonetheless respect their citizens' rights and uphold the rule of law. "Despite the limited political choice they offer," Zakaria writes, "countries such as Singapore, Jordan, Malaysia, or Morocco provide a better environment for life, liberty, and happiness of the citizens than … the illiberal democracies of Venezuela, Russia, or Ghana."

Going a step further, Zakaria contends that these liberal autocracies contain the seeds of their own reform, usually capitalism. Economic growth creates an independent middle class that seeks political influence. As governments are forced to bargain with this new bourgeoisie, the balance of power begins to shift. Independent courts, established to enforce contracts, become a venue for citizens to exercise newfound power. In 1984, Zakaria points out, Chinese citizens brought zero civil lawsuits against the government; by 1997, they had brought more than 90,000. Successful new democracies of the post-war period—South Korea, Taiwan, Thailand, Turkey, and Chile, for example—have emerged from liberal autocracy in the pattern Zakaria describes.

Illiberal rulers, by contrast, abet corruption and weaken competing sources of power. There is often little to stop them from relapsing into dictatorship—the common pattern in Central Asia and sub-Saharan Africa.

It shouldn't surprise us that liberalism must come before democracy today, Zakaria argues, because it's always been that way. In the West, he maintains, liberal institutions—parliaments, courts, and constitutions—emerged out of centuries-long power struggles between

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Two cheers

Continued from page 43

church and state, nobility and monarchs, various Christian sects against each other, and the rise of capitalism. Even so, most Western European nations couldn't establish true democracy until after World War II. Non-Western nations that followed this model, like South Korea, Taiwan, and Thailand, have managed to create and sustain healthy liberal democracies. But where the pattern has been reversed, as in sub-Saharan Africa, the Balkans, Central Asia, parts of Latin America, and Russia, illiberal democracy has been the result.

> "Windfall oil wealth has let many Arab regimes skip the difficult reforms that lead to liberalization and economic growth. It has allowed autocrats to stay autocratic—illiberal."

Reform first. What does Zakaria's theory say about the multiple challenges of the Middle East? Unlike some of the neocon romantics, he rejects the idea that the United States must push for rapid democratization in the region. "Elections in many Arab countries would produce politicians who espouse views that are closer to Osama Bin Laden than those of Jordan's liberal monarch, King Abdullah," he notes. The first step, instead, must be economic reform.

But there's another big problem—oil. Windfall oil wealth has let many Arab regimes skip the difficult reforms that lead to liberalization and economic growth. It has allowed autocrats to stay autocratic—illiberal. The United States, he argues, must push such regimes to liberalize. Egypt could be a candidate for reform because it is culturally central to the Arab world, has little oil, and receives massive U.S. aid.

The other candidate, of course, is Iraq. Hastily arranged elections, followed by a quick exit, would be catastrophic for Iraq, he says. Since Iraq is a religiously and ethnically divided society, demagogues and Islamic parties would be poised to take power. At minimum, a five-year American presence will be necessary, and, just as important, Iraq will need a creative and sustained approach to building liberal institutions. To this end, Zakaria calls for a revival of constitutionalism, the art of devising intricate government structures to institutionalize separation of powers. This vital step is often neglected, he laments, because its importance is not immediately obvious: "Elections are easy to capture on film. But how do you televise the rule of law?"

One problem with Zakaria's analysis is that it's really economic liberalization that he's interested in. He gives relatively short shrift to civil society (except for political parties). But what, the should be done about an autocrat wh liberalizes the economy but brutaliz his society? Augusto Pinochet comes mind. Zakaria doesn't address this co tradiction; he praises Chile's econom reforms and notes that "Pinochet d eventually lead his country to liber democracy." But at what cost?

Left-wing critics will accuse Zakar of supporting autocracy and trying impose economic neo-liberalism. Woul be visionaries on the right will accuse hi of the don't-rock-the-boat *realpolitik* th led some realists to oppose the breaku of both the Soviet Union and Yugoslavi and to support leaving Saddam Husse in power after the first Gulf War in t name of stability. Zakaria's response that he, too, seeks liberal democracy, b that to succeed, liberal democracy mu be built on a foundation of constitution liberalism. ●

Kevin Croke is editorial assistant of BLUEPRINT.

INSTANT DEMOCRACY? Iraqi Shiites enjoy their newfound political freedoms. If elections were held immediately, radical religious parties could win—to the long-term detriment of democracy.

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Charter school incubators

Charter public schools play a critical role in providing educational choices tailored to meet students' and parents' needs. They are accountable for meeting high standards, but they have the freedom to offer, for example, curricula emphasizing math and science, or music. Yet the freedom and independence charter schools enjoy comes with a high price tag: They must start up on their own, like entrepreneurs in the private sector, without the same kind of government backing that traditional public schools receive. That can hinder the schools' ability to get off the ground and sustain themselves over the long term.

Unlike their traditional public school counterparts, charter public schools are not included in most states' school construction programs, and they typically cannot issue bonds on their own to finance new buildings or undertake renovation projects. Because of the prohibitively high up-front costs of building or revamping old facilities, many charter schools are forced instead to rent—at higher long-term costs and often in substandard space. Charter school operators cite these problems as among the most substantial obstacles they face.

But a new model is beginning to emerge that may help charter schools overcome such hurdles: charter school incubators. As in the business world, where venture capitalists have established company incubators to provide hands-on start-up support, as well as services and physical space to promising entrepreneurs, charter school incubators aim to help charter schools through their shaky early stages.

The incubator model is flexible enough to adapt to different financing and technical needs, depending on a state's charter school laws and schools' individual needs. Incubators can provide a wide range of support services to help plan and open charter schools. They can also help obtain foundation funding for school construction or defray costs of extracurricular activities and facilities such as swimming pools, basketball courts, and theaters.

A promising incubator example is the Innovative Schools Development Corporation (ISDC) in Delaware, a private nonprofit organization funded by the Rodel Charitable Foundation. It announced its first loan guarantee in April to the Newark Charter School—$1.7 million that enabled the school to obtain an additional $8.5 million to build a new facility. The money helped keep the school, which has an extensive waiting list and boasts a superior academic record, from possibly becoming homeless after a federal loan did not go through. ISDC has also secured approximately $800,000 for the Delaware Military Academy Charter School, which plans to open next fall.

But incubators do more than just secure financing for new facilities. For example, the AppleTree Institute in Washington, D.C., provides physical space—buildings where new charter schools can operate before they are ready to take on loans and move out on their own. ISDC has set up a "central office" network that aids charter schools in Delaware with various administrative services, while helping to craft school business plans, select board members, and choose curricula.

"Charter schools ... operate in a vacuum for the most part, because they don't have the time or ability to share with each other what they're doing," said Gary Fredericks, president and CEO of ISDC. "We're providing infrastructure, support, and trying to create a community for the charter schools."

Supporting charter schools is a smart move for states, and local school officials would be wise to follow ISDC's lead. While incubators are often private organizations, there's no reason state and local officials couldn't follow the incubator model to help improve public education by fostering innovative charter schools.

> "The incubator model is flexible enough to adapt to different financing and technical needs, depending on a state's charter school laws and schools' individual needs."

State and local authorities could use pre-existing public-private partnerships or tap into community development and other financing programs to help schools overcome their initial money worries. In addition to loan guarantees, incubator-type entities could support a variety of other tools, such as credit enhancements, to reassure lenders worried about the long-term stability of charter schools, not to mention their brief credit histories.

In these lean economic times, we must look for innovative ways to help finance education, particularly charter schools. As the No Child Left Behind Act demands that states and school districts provide alternatives for children in low-performing schools, helping charters is both a smart and effective way to build accountable, high-quality education options. ◆

Sen. Tom Carper (D-Del.) is the DLC Chair for Best Practices.

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Brewing reform in Denver

Outsider businessman John Hickenlooper won the mayor's race promising business as unusual.

John Hickenlooper, brewpub master, serial entrepreneur, and now Denver mayor-elect, had no time to revel in his stunning landslide victory over City Auditor Don Mares and a field of five other candidates. Instead, he was appointing a transition team, readying himself for what will be the highest priority after his July 21 inauguration: tackling the city's projected $50 million deficit.

But while Hickenlooper was concentrating on the tasks ahead, the jaws of political observers in Denver were still agape. They were marveling at the overwhelming success of what Lynn Bartels of the *Rocky Mountain News* called Hickenlooper's "shucks and awe" election campaign. He won a June 3 runoff against Mares by 65 percent to 35 percent. Mares, an established politician who had put together a list of interest and constituency group endorsements, carried 77 of the city's 90 predominately Hispanic precincts. But Hickenlooper ran away with the rest, including 282 of 299 predominantly white precincts and 20 of 33 predominantly black precincts. He won a broad base of support from police and firefighters, business owners, liberals, and conservative Republicans.

Reporters were fixated on specific campaign tactics, particularly a series of offbeat TV ads that portrayed Hickenlooper as an endearingly geeky outsider, feeding parking meters in one spot and trying on goofy clothes in another in an attempt to look more mayoral. Yet the most significant key to Hickenlooper's victory may have been that he wore the mantle of reform. He made the budget issue his, and, according to Colorado DLC president Jim Gibson, he "embraced traditional progressive values and advanced them in ways that address changing times." *(See sidebar on page 16.)*

SHUCKS AND AWE: Hickenlooper projected the self-effacing image of an easygoing nerd. But he's serious about fixing Denver's budget problems.

Opponents of Hickenlooper's candidacy, such as the local AFL-CIO chapter, claimed he had subjected Denver to "Bloombergization"—someone with no government experience winning with a barrage of 30-second ads. But Hickenlooper, who in addition to owning a string of hip bars and restaurants has also built lofts and local retail companies, was confident his business experience would be good for a city in financial pain. "Economic development is not a catch phrase I picked up on the campaign trail," he said. "It's what I do."

Denver will be watching to see if he can deliver. ◆

PLAYbook

A menu of ideas for state and local elected officials.

Reforming Teacher Certification

New Dem Play || Eliminating unnecessary barriers to teaching, and emphasizing ongoing professional development

Where It's Working || New Jersey and other states

Players || State and local officials

Before the end of the decade, America will need more than two million new teachers. Yet our current approach to teacher training and licensing creates "paper barriers" that deter talented people from entering the profession. So policy makers are experimenting with ways to eliminate those barriers and draw in high-quality college students and mid-career professionals.

Instead of mandating that teaching applicants have degrees in education, a new approach requires potential teachers to have a bachelor of arts or science degree from an accredited university, a passing grade on a competency test in the subject they seek to teach, and a clean criminal record. These minimum requirements should then be coupled with ongoing professional development initiatives.

Meaningful recruitment and induction programs can include mentoring projects with fellow teachers and additional coursework. ◆

Read more on NDOL.org. Click "State and Local Playbook."

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A [illegible] with...

Jim Doyle >> on economic development

In his 2002 campaign, Wisconsin Gov. Jim Doyle released an economic growth plan that was a departure from the past. Instead of focusing almost exclusively on creating jobs—any jobs—Doyle proposed a long-term growth strategy, similar to a framework put forward by the Progressive Policy Institute. It would strengthen the pillars of the modern, innovation-driven economy by investing in people, creating and unleashing knowledge, reforming state government, and improving the state's quality of life.

BP > Why does Wisconsin need a new approach to economic development?

Doyle: We always rank fairly well in terms of unemployment. The problem is that our wages have significantly declined in real dollar terms over the last 25 years, and our business creation is not anywhere near the national standards.

If we continually chase low-end jobs as they leave for Mexico and Canada, we will lose that competition, and we'll drive the economy of the state down. I think we really have to focus on how we create better jobs—the kinds of jobs where people can support a family, buy a home, take care of their kids' education, and even enjoy a vacation from time to time. So we are setting out to compete at the high end.

BP > What's the best way to go about that?

Doyle: Some of it is pretty basic stuff, [such as] paying attention to the infrastructure of the state—our electric power and roads—and the tax climate. That's one of the reasons, even despite an enormous $3.2 billion deficit, I have proposed an honestly balanced budget that does not raise taxes.

But it also means we [have to] improve our telecommunications system, the ability for business to compete in the higher-tech world, and in particular that we invest in a highly educated and well-trained workforce. So even in this terrible budget time, my investment has been in education. The only significant area that gets more money in the budget over the next two years is K-12 education. I have kept funding for the technical college system. And we are making major investments in our university system, particularly large capital investments in life sciences, biology, and biotech, which is one of the great strengths of the University of Wisconsin.

BP > How do you translate investments in education, research, and training into economic growth?

Doyle: Our state investment board is directing $90 million into venture opportunities, largely for the biotech industry. We are working with major financing companies to see where the opportunities are. And we are working with our business schools on entrepreneurship programs.

In order for great cutting edge research to go on, you obviously need research dollars. So we have worked hard at that. You also need to make sure you have the faculty and the graduate students in order to further the research. Along with that, one of my real causes, as I mentioned earlier, is the technical college system. While you need to have great scientists, if they get out into the marketplace [with an idea] and need to hire 50 or 100 well-trained technicians, then you also need to have a technical college system that is producing that high level of technical skills.

BP > Why is government reform part of your economic development strategy?

Doyle: There are a couple of factors here. One is that you have to hold taxes down, and that means government has to do more with less. More efficient government is an absolute essential if you're going to do the things that as Democrats we want to do.

But there is also a very symbolic part of it: It's hard for me as governor to say that this is a great place to do business, and we are an information-based state, and knowledge-based companies should move here—and then find a large, cumbersome, burdensome governmental structure.

The regulatory structures of government in various areas—environmental protection, insurance, financial regulations—are very important. We have to find regulatory structures that are understandable, simple, and allow for quick movement.

BP > What about quality of life? How does that fit into your overall plan?

Doyle: I truly believe that as companies, particularly knowledge-based companies, are looking for where they'll move, grow, and expand, it's quality of life that is increasingly the determining factor.

Wisconsin has beautiful communities, high-quality public schools, a beautiful environment, tremendous outdoor recreational activities, and a good, clean, progressive government. Milwaukee is working very hard to make sure [it] is a good, exciting place for young professionals to come and live and work. Madison holds its own with any community of its size any place in the country. It's always ranked as one of the most livable cities. And we have a lot of great middle-sized cities: Eau Claire, Lacrosse, Wausau, Green Bay—these are places people really want to live. We have to couple that with a tax climate and infrastructure that says this is the place to come and do business.

BP > Do you feel hamstrung in your ability to pursue economic development in a tough budget climate?

Doyle: Yes, I feel hamstrung, but I don't feel incapacitated. I think we've been able to keep the areas that have real potential for economic growth intact.

If I didn't have a $3.2 billion deficit, I would like to be doing more. ◆

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Every Friday on NDOL.org **Idea of the Week**

Reforming College Tax Breaks

Last year the Progressive Policy Institute showed how to consolidate the enormous array of tax breaks for retirement savings into a single Universal Pension. Now PPI is back with a new plan to do the same thing with the current jumble of tax breaks for college expenses and savings.

In "Universal Access to College Through Tax Reform," PPI's Paul Weinstein Jr. reviews federal efforts to help families pay for college and finds them wanting. "While tax incentives have expanded access to college, they've lagged behind skyrocketing college costs," he writes. "And, as Washington has layered one new tax break upon another, the entire system of indirect college subsidies has become confusing and even contradictory." Six different tax incentives for college expenses and savings now require 58 pages of explanation by the IRS. There is a wide variety of complex eligibility rules that would require an accountant to understand, including a dizzying array of incentives and "phase outs" that hit middle-class families at different levels of income, and that often work at cross-purposes.

Weinstein would reform college tax breaks by replacing the current system with two easy-to-understand, universal incentives.

The first would be an Education Tax Credit (ETC) of $1,500 per year for four years of college for students carrying at least a half-time course load. Unlike current credits, it would be universal and "refundable." All families would qualify, whether or not they have federal income tax liability. There would be none of the phase outs that now disqualify many upper-middle-class families. And unlike current credits, families with more than one college student could get multiple credits.

In effect, the ETC would ensure every student would be covered for half the cost of tuition at a public institution, radically expanding access to college while reducing the dependence on loans that so often sap post-college incomes for years.

To reintroduce the principle of reciprocal responsibility that was at the center of the last big expansion of college aid, the G.I. Bill, Weinstein suggests ETC recipients be required to perform at least 40 hours of community service a year.

The second incentive Weinstein proposes is a "College Savings Account" for every American child. The federal government would "stake" each child with a $1,000 contribution to ensure everyone can participate. Parents, grandparents, guardians, and other benefactors could not only contribute to these accounts, but could also use them to participate in state or private savings plans that lock in tuitions or otherwise encourage savings. CSA contributions would grow tax-free, and distributions for college expenses would not be taxed.

The CSA would replace today's "529" plans, "Coverdell" accounts, and Education Savings Bonds, while continuing virtually all their benefits.

Killing off the old college tax breaks would pay for about $40 billion of the estimated $71 billion five-year costs of the ETC and the CSA. Weinstein recommends paying for the remaining $31 billion by eliminating a number of tax loopholes and shelters, which his report discusses in detail. ◆

Idea of the Week is a regular feature in the Democratic Leadership Council's "New Dem Daily," which is published online at www.NDOL.org and is available by email.

BOOKS >>

HIGH SCHOOLS ON A HUMAN SCALE: How Small Schools Can Transform American Education

by Thomas Toch • Beacon Press • 123 pp. • $15

Big, impersonal American high schools are failing to prepare teenagers for the knowledge-centered New Economy, according to veteran education journalist Thomas Toch. Only one-third of high school students in the United States are receiving the education they need, he claims, and he says smaller high schools should be a major part of the solution.

More than 60 percent of U.S. high schoolers attend schools with more than 1,000 students, reports Toch. He argues that the anonymity of such large high schools creates a pervasive sense of student alienation and apathy that seriously hinders learning. Big schools can lack a sense of community and are frequently bogged down in bureaucracy.

Toch profiles five newly created small schools, showing how each has fostered a sense of community with personal attention, mentors, and curricula tailored to individual students' needs. These schools have successfully raised the achievement levels of many students who struggled in larger schools, Toch says.

Most small schools de-emphasize traditional lecture-based teaching methods, relying instead on individual research projects and internships to help students develop. Students and faculty have the flexibility to innovate, because the schools are often managed as charter schools, or are otherwise outside the control of local school boards.

Toch's analysis lacks a full critique of the weaknesses of the small school model. Still, his inside-the-school reporting provides useful material for the debate on the future of the American high school system. ◆

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—Kevin Croke

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HomeSAFE home

A Nashville program aims to undermine the markets where predatory lenders thrive. *by* **David Billings**

Owning your own home is the cornerstone of the American dream, and, thanks to historically low interest rates, it's a dream that is more attainable than ever for many Americans. But there is a hitch.

"Unfortunately, it turns out that it's a great opportunity for predatory lenders to take advantage of folks, too," said Rep. Jim Cooper (D-Tenn.). Cooper is helping Fannie Mae, which works to assure that mortgage money is readily available in the market, launch a $2 million effort this summer to assist victims of deceptive lending practices in Tennessee. It's called HomeSAFE Nashville.

Low bank interest rates and hot real estate markets have produced a glut of attractive-looking loan offers for home buyers—the most attractive loan offers most buyers have ever seen. Predatory lenders—who use deceptive practices to take advantage of ill-informed borrowers, by offering loans with hidden fees and excessively high interest rates—can blend into the marketplace with the crowd of legitimate lenders.

"They can turn one's dream of homeownership into a nightmare," said Ralph Perry, director of Fannie Mae's Tennessee partnership office. The nightmare is that exorbitant mortgage payments on predatory loans often cause victims to lose their homes.

It is nearly impossible to know how many predatory lenders there are, because it is often difficult to say what constitutes a fair loan—particularly when borrowers have bad credit histories, or otherwise fit the "high risk" profile. Nevertheless, Perry said, the problem is serious.

The HomeSAFE program that Cooper and Fannie Mae are launching will use a two-pronged strategy to attack the problem: It will rescue predatory loan victims from mortgages that threaten to cost them their homes, and it will educate potential victims on the basics of lending and credit to help them avoid making deals with the devil in the first place.

"We ought to be doing everything we can to help protect people from those who threaten their ability to keep their homes," Cooper said. But, rather than attempting to legislate and regulate the hard-to-pigeonhole practice of predatory lending, Cooper and Fannie Mae have sought out local nonprofit organizations, lenders, and community groups to help limit the problem through the HomeSAFE initiative.

"I think the kind of public-private partnership that HomeSAFE Nashville represents is the ideal way to achieve this goal," Cooper said. Participating organizations will provide not only financial assistance, but also legal services, financial education, and public awareness campaigns.

> A two-pronged strategy: rescue predatory loan victims from mortgages that threaten to cost them their homes, and educate potential victims on the basics of lending and credit to help them avoid making deals with the devil.

The first step in HomeSAFE's war on predatory lending will be outreach. Volunteers will fan out and distribute brochures in neighborhoods where predatory lenders are likely to strike. The pamphlets will describe some of the red flags to look out for when considering loan offers—such as loan terms that are based on a property's value, rather than the borrower's ability to pay—and recommend that people who think they might already be victims of predatory lenders apply to HomeSAFE for help.

The Nashville Housing Fund will coordinate both the screening and counseling services for HomeSAFE. It will look carefully at applicants' loans to determine which ones are cases of predatory lending—as opposed to cases where borrowers with bad credit histories are charged high, but fair, interest rates. The predatory lending victims will be referred to HomeSAFE counselors.

The Tennessee Fair Housing Coalition, a partner in the effort, will provide legal aid services, primarily to help negotiate borrowers out of their predatory loans. The group could try to apply pressure on predatory lenders by, for instance, generating local news coverage about the problem.

After those negotiations, another HomeSAFE partner, Affordable Housing Resources (AHR), will pay back overdue fees on behalf of borrowers in default. AHR will then help borrowers refinance their mortgages at below-market interest rates. The lenders—First Tennessee, Union Planters, National Bank of Commerce, and Pinnacle National Bank—will sell the loans to Fannie Mae to free up loan money for less risky customers and to reduce their exposure to potential defaults.

Perry predicts that the number of borrowers that HomeSAFE will rescue from predatory loans will be lower than the number of people who will be steered clear of predators' traps in the first place by HomeSAFE's education and public awareness campaigns. But the end result will be the same either way—more homeowners with stable, affordable mortgages, on which they are less likely to default.

Cooper has been a key supporter of the HomeSAFE effort as a public advocate and fund-raiser, Perry said. "Cooper brought people to the table who might not have been there, at least not this soon," he said. ●

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Diversifying after-school portfolios

Enrichment programs are looking for alternative funding in an era of budget cuts. > *by* **Rob Lott**

If you are keeping track, you can add after-school programs to your list of things being squeezed by recent state and local budget shortfalls. And President Bush is letting the federal shoe drop: He requested $400 million in cuts from 21st Century Community Learning Centers, the federal government's funding stream for after-school programs. The cuts will be felt by hundreds of thousands of children.

But there is a glimmer of hope. Despite the absence of support from the top, local elected officials and community leaders around the country are building innovative partnerships from the ground up with educators, private funders, and citizens to ensure that high-quality after-school programming doesn't become a thing of the past.

The efforts are testimony to the value communities place on organized after-school activities. For children, the programs offer educational, athletic, and other extracurricular opportunities they may not have at home. For parents, especially those making the transition from welfare to work, the programs also provide safe child care and supervision of teenagers—a vital service if parents are to hold down steady jobs. And for communities, ensuring that young people have productive ways to spend their after-school time helps reduce dangerous and anti-social behavior.

A model program in Los Angeles is called LA's BEST (Better Educated Students for Tomorrow). It has managed to grow, even as California confronts a $36 billion budget shortfall that has forced Gov. Gray Davis and the state Legislature to make deep spending cuts. The reductions include a $390,000 slash in state support for LA's BEST, a 43 percent reduction from the previous state commitment of $905,000. That cut threatened activities in two of the schools where LA's BEST operates, forcing it to find alternate funding.

But the diversity of LA's BEST funding sources has been the secret of its success. In addition to federal and state funds, the program has developed strong ties to foundations and corporate supporters. The program's roster of underwriters ranges from Verizon and Home Depot to the Amateur Athletic Foundation of Los Angeles and the Hollywood Charity Horse Show. The most generous contributor has been the Broad Foundation, which pledged $1.7 million in August 2001. Six months later, the program had hired and trained over 200 new staff members and opened 23 new sites from North Hollywood to South Central Los Angeles.

MONEY WELL SPENT: After-school programs need a range of funding sources to keep offering young people enrichment opportunities.

LA's BEST is a collaboration between City Hall and the LA Unified School District. The program started in the late 1980s with 10 sites. It now serves 18,000 students in 105 elementary schools. Regular programming includes the usual supports—homework assistance and tutoring—along with such special-interest activities as a science club, a drill and dance team, and conflict resolution training. Since the autumn of 2001, LA's BEST has significantly expanded its use of computers, launched a tutoring program with older students helping younger ones, and opened a site dedicated solely to children with special needs.

But, while LA's BEST has been able to expand because of the diversity of its funding sources, recent cuts in federal and state money are causing strains. The program is scrambling more than ever to find support from nonprofit foundations and corporations. "These hard times always remind us how vulnerable the programs really are," said LA's BEST President and CEO Carla Sanger.

The LA's Best model has been copied elsewhere, notably by Sacramento's Students Today Achieving Results for Tomorrow (START) and San Diego's Six-to-Six Program.

In Boston, Mayor Thomas Menino joined forces with stakeholders from across the city to streamline a wide array of existing after-school programs and allow them to share resources through the single After-School for All Partnership. The goal is to bring together those who want to support after-school programs, those who have the will and skill to run them, and those who have the innovative ideas to sustain them—service providers, parents, teachers, trainers, policymakers, and private funders.

The effort has received widespread support. Since 2001, private funders such as the Boston Foundation, Nellie Mae, and Mass 2020 have pledged $24.1 million in new funds to support the collaboration.

One of the early collaborators in the partnership was Citizen Schools. It pairs small groups of children in "apprenticeships" with local volunteer teachers. Citizen Schools President Eric Schwarz says the After-School for All Partnership supports after-school services more effectively than the individual participants could do on their own. In the end, the main beneficiaries are young people. "The focus is on seeing after-school as an investment in the long-haul," said Schwarz. "We're working to put kids on the track to success." ●

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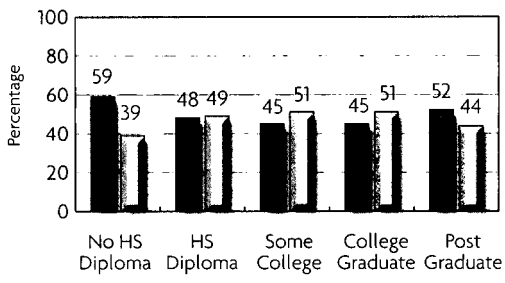
Electoral SNAPSHOT

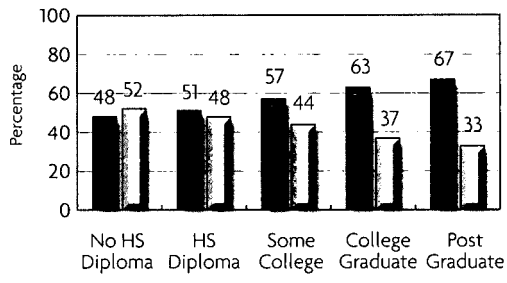
Unlikely Bedfellows

If you analyze Democratic voters according to their levels of education, you find a coalition that could be hard to sustain. In the 2000 presidential election, Al Gore won the least-educated voters—those with less than a high-school diploma—and he won the most-educated voters—those with post-graduate degrees. He lost all categories of voters in between: those with high-school diplomas, some college, or college degrees. Those results present a big problem for Democrats, not just because the groups Gore lost represent about three-quarters of the electorate, but also because the least- and most-educated voters have widely divergent views, especially on cultural issues.

2000 Presidential Vote By Level of Education

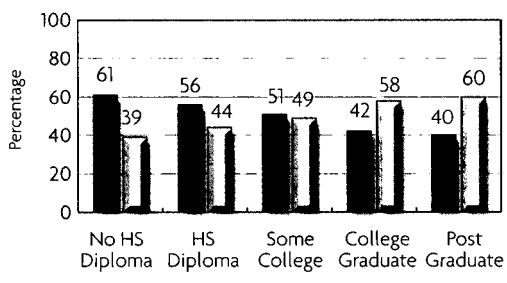


Attitudes About Abortion By Level of Education

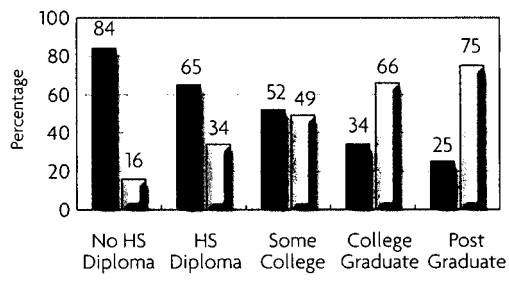


Cultural divergence: On abortion rights, those without high-school diplomas tilt pro-life; those with graduate degrees are decidedly pro-choice. Gun ownership is another example of the divergence: The least-educated voters are most likely to own a gun, and the most-educated voters are the least likely.

Gun Ownership By Level of Education



Average Annual Income By Level of Education



The missing middle: The most obvious divergence of all is economic class. The most-educated people in society have the highest family incomes, and the least educated have the lowest. To reach a Democratic majority, these two groups of voters need to be joined by the glue that can hold the coalition together, the vast middle class. ◆

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National purpose

As strong as President George Bush seems today, he's not invincible. But there's only one way any Democratic candidate can defeat him in 2004. That's by asserting a clear sense of national purpose—by getting the big things right and by convincing Americans that he can provide our country better leadership than Bush can.

But there are any number of strategies that won't work for Democrats.

Democrats won't win a fund-raising contest with Bush. The president is likely to break all fund-raising records—and no Democrat will be able to come even close. The Democratic candidate needs to raise enough money to get his message across, but to try to match the president is to pursue a fool's errand.

Democrats won't win by polarizing the debate. Bush is a staunch conservative, not the moderate he claimed to be in the 2000 campaign. But Democrats who believe the way to counter his conservatism is by moving left to sharpen the contrast—to offer, in the words of failed presidential candidate Barry Goldwater, "a choice, not an echo"—are wrong. A recent Gallup poll revealed that on social issues, 37 percent of Americans identify themselves as conservatives, 23 percent as liberals. On economic issues, it's 43 percent conservatives, 15 percent liberals. Running to the short side of the field is not a winning strategy.

Democrats won't win by pandering to narrow interest or constituency groups. Resisting the demands of such groups is hard. That's why Democratic National Committee Chairman Terry McAuliffe was right to try to put the kibosh on candidate forums sponsored by organized pressure groups before they cause more damage than they already have.

Democrats won't win if they tolerate non-real candidates throughout the nominating process. Although Dennis Kucinich, Al Sharpton, and Carol Moseley Braun have no chance of winning the nomination, every time they appear on stage with the legitimate candidates, they diminish the stature of the whole field. So far, the damage is negligible, because most voters aren't paying attention. But, as the campaign heats up, the Democrats' chances of defeating Bush will be damaged significantly if these candidates stay in the race.

Finally, Democrats won't win without strengthening their appeal to what President Clinton called the "forgotten middle class." In the 2000 and 2002 elections, Democrats only won the votes of high school dropouts and the educational elite—voters with post-graduate degrees. They lost the huge mass of voters with educational levels in between. Over the long haul, that's an unsustainable alliance, because high school dropouts and post-graduates have very different demographics and very different views on cultural issues.

As the campaign begins in earnest, Democrats need to remember that their party has had its greatest successes when it has championed great national purposes.

Franklin Roosevelt saved capitalism from its excesses; lifted us from depression; built the greatest army, navy, air force, and merchant marine in the world; and defended freedom and democracy from fascism and Nazism.

John F. Kennedy restored our confidence, which had been shattered by Sputnik, strengthened our defenses and our economy, and set in motion the process to put a man on the moon.

Lyndon Johnson championed civil rights, ending legal segregation and winning for African-Americans the right to eat in restaurants, sleep in hotels, and most important, to vote without suffering discrimination.

Bill Clinton saved progressive government from its excesses, ended two decades of stagnation with unprecedented prosperity, overhauled our social safety net by replacing welfare with a work system, and reversed decades of spiraling violent crime.

For Democrats to beat Bush next year, they will have to build on the traditions of their most successful presidents—espousing a clear national purpose and getting the big things right.

For 2004, that requires common sense and realism, not rocket science. It means dedicating a presidency to fighting the war on terrorism and keeping our country safe. It also means building a strong, growing 21st century economy that expands opportunity, creates jobs again, raises incomes, and secures retirement—all the things Bush has failed to do. A candidate with a progressive agenda to achieve those goals will have a real chance to send Bush into early retirement.

In the first debate among Democratic presidential contenders this spring, Sen. Joe Lieberman argued: "I am the one Democrat who can match George Bush in the areas where many think he's strong—defense and moral values—and beat him where he's weak—on the economy and his divisive right-wing social agenda."

Whether Lieberman has the chance to prove that will be decided by the primary voters. But the formula he has laid out for taking on the president is exactly the right one for a Democrat to follow. ◆

Al From is founder and CEO of the Democratic Leadership Council.

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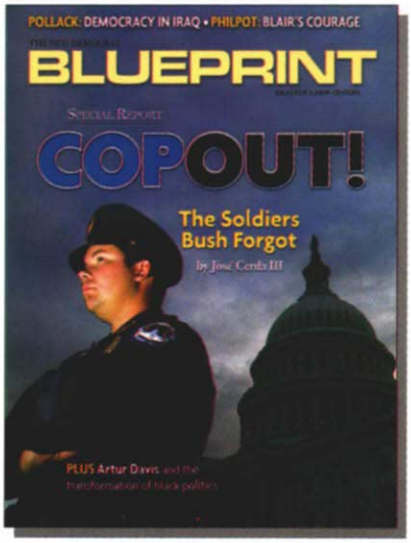

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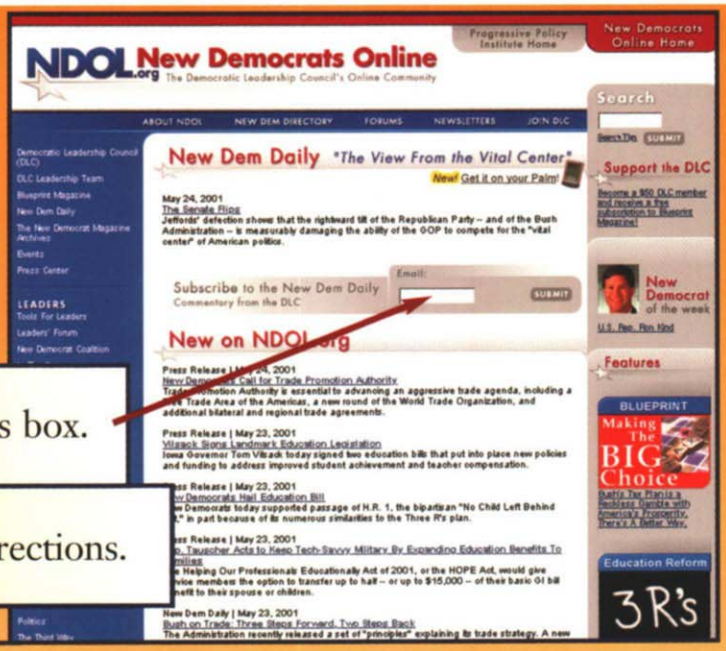

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